兖矿能源集团股份有限公司
YANKUANG ENERGY GROUP COMPANY LIMITED
(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code : 01171

2021
Annual Report

Important Notice

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

The 2021 Annual Report of Yankuang Energy Group Company Limited has been approved by the 21st meeting of the eighth session of the Board. All 11 Directors of quorum attended the meeting.

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

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

The Board of the Company proposed to distribute a cash dividend of RMB2.00 per share (tax inclusive) for the year of 2021 based on the number of shares on the record date of the dividend and equity distribution.

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

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

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

There was no situation where the majority of the Directors cannot warrant the authenticity, accuracy and completeness of the information contained in the annual report.

The Company has disclosed the main risks faced by the Group, the influences and the countermeasures in this annual report. For details, please refer to the relevant content in "Chapter 4 Board of Directors' Report", to which the investors please pay attention.

Contents

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

The original copy of the audit report with seal of the accounting firm and signature and seal of the CPA.

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

Annual report published at other security markets.

Chapter 01
Definitions

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

"Yankuang Energy", "Company" or "the Company"	Yankuang Energy Group Company Limited (former "Yanzhou Coal Mining Company Limited", registered a change of name as "Yankuang Energy Group Company Limited" in December 2021), a joint stock limited company incorporated under the laws of the PRC in 1997 and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
"Group" or "the Group"	The Company and its subsidiaries;
"Shandong Energy" or "the Controlling Shareholder"	Shandong Energy Co., Ltd. (former Yankuang Group Co., LTD.), a company with limited liability reformed and established under the laws of the PRC in 1996, and renamed as Shandong Energy Co., Ltd. in April 2021, being the controlling shareholder of the Company directly and indirectly holding 55.76% of the total share capital of the Company as at the end of the reporting period;
"Heze Neng Hua"	Yanmei Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a 98.33% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the development and operation of coal resources and electric power business in Juye coalfield Heze City Shandong Province;
"Yulin Neng Hua"	Yanzhou Coal Yulin Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a wholly-owned subsidiary of the Company, which is mainly engaged in the production and operation of coal chemical projects in Shaanxi Province;
"Shanxi Neng Hua"	Yanzhou Coal Shanxi Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2002 and a wholly-owned subsidiary of the Company, which is mainly engaged in the management of projects invested in Shanxi Province by the Company;
"Ordos Neng Hua"	Yanzhou Coal Ordos Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2009 and a wholly-owned subsidiary of the Company, which is mainly engaged in the development and operation of coal resources and coal chemical projects of the Company in the Inner Mongolia Autonomous Region;
"Haosheng Company"	Inner Mongolia Haosheng Coal Mining Company Limited, a company with limited liability incorporated under the laws of the PRC in 2010 and a 59.38% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the production and operation of Shilawusu coal mine in Ordos, Inner Mongolia Autonomous Region;

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

"H Shares"	Overseas listed foreign invested shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are traded on the HKEX;
"A Shares"	Domestic shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
"PRC"	The People's Republic of China;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;
"CASs" or "ASBEs"	Accounting Standards for Business Enterprises and the relevant regulations and explanations issued by the Ministry of Finance of the PRC;
"IFRS"	International Financial Reporting Standards issued by the International Accounting Standards Board;
"CSRC"	China Securities Regulatory Commission;
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"HKEX" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Shanghai Stock Exchange"	The Shanghai Stock Exchange;
"Company Law"	Company Law of the PRC;
"Securities Law"	Securities Law of the PRC;
"Articles"	The Articles of Association of the Company;
"JORC"	Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientist and Minerals Council of Australia;
"JORC Code"	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition;
"Shareholders"	The shareholders of the Company;
"Directors"	The directors of the Company;
"Board"	The board of directors of the Company;
"Supervisors"	The Supervisors of the Company;

"Supervisory Committee"	The Supervisory Committee of the Company;
"RMB"	Renminbi, the lawful currency of the PRC, unless otherwise specified;
"AUD"	Australian dollars, the lawful currency of Australia;
"USD"	United States dollars, the lawful currency of the United States;
"HKD"	Hong Kong dollars, the lawful currency of Hong Kong.

Chapter 02

Company Information and Major Financial Indicators

I. INFORMATION OF THE COMPANY

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

II. CONTACT DETAILS

	Secretary to the Board:	Securities Representative of Shanghai Stock Exchange:
Name	Huang Xiaolong	Shang Xiaoyu
Address	Secretary Office to the Board, Yankuang Energy Group Company Limited 949 Fushan South Road Zoucheng City Shandong Province, PRC	Secretary Office to the Board, Yankuang Energy Group Company Limited 949 Fushan South Road, Zoucheng City, Shandong Province, PRC
Tel	(86 537)538 2319	(86 537)538 4451
Fax	(86 537)538 3311	(86 537)538 3311
E-mail	yzc@yanzhoucoal.com.cn	xyshang.yzc@163.com

III. GENERAL INFORMATION

Registered Address:	949 Fushan South Road, Zoucheng City, Shandong Province, PRC
Change of registered address	Since Zoucheng City of Shandong Province reissued building numbers, the registered address of the Company was changed from "298 Fushan South Road, Zoucheng City, Shandong Province, the PRC" to "949 Fushan South Road, Zoucheng City, Shandong Province, the PRC" during the reporting period, and the actual location of the Company did not change.
Office Address:	949 Fushan South Road, Zoucheng City Shandong Province, the PRC
Postal Code:	273500
Official Website:	http://www.yanzhoucoal.com.cn
E-mail Address:	yzc@yanzhoucoal.com.cn
Query index for change of information during the reporting period	For details on the change of the Company's registered address, please refer to the Announcement on Change of the Registered Address of the Company dated on 29 April 2021, which was posted on documents the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

Newspapers for information disclosure in the PRC:	China Securities Journal, Shanghai Securities News, Securities Times
Website designated by the CSRC for publishing annual report:	Website for publishing A shares annual report: http://www.sse.com.cn Website for publishing H shares annual report: http://www.hkexnews.hk
The annual reports are available at:	Secretary Office to the Board of Yankuang Energy Group Company Limited, 949 Fushan South Road, Zoucheng City, Shandong, the PRC.

V. CORPORATE STOCKS

Corporate Stocks

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

VI. OTHER INFORMATION

Certified Public Accountants (A shares)

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

Certified Public Accountants (H shares)

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

Domestic Legal Advisor

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

Hong Kong Legal Advisor

Name:	Baker & McKenzie
Office Address:	14/F, Block 1, Taikoo Place, 979 King's Road Quarry Bay Hong Kong

Shanghai Share Registrar

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

Hong Kong Share Registrar

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

Liaison Office in Hong Kong

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

VII. FINANCIAL HIGHLIGHTS OF THE LAST FIVE YEARS

(Prepared in accordance with the IFRS)

The financial highlights were prepared based on the financial information set out in the audited consolidated income statements, consolidated balance sheets and the consolidated cash flow statements of the Group from 2017 to 2021.

(I) Operating Results

Unit: RMB' 000

	Year ended 31 December				
	2021	2020	2019	2018	2017
Sales income	**108,615,647**	69,123,020	67,804,644	67,447,104	52,672,105
Gross profit	**39,935,159**	14,092,367	21,029,486	24,306,538	18,915,405
Financing cost	**-5,319,334**	-2,867,029	-2,751,234	-3,612,394	-3,255,404
Profit before tax	**24,288,809**	7,372,354	14,986,842	15,931,098	11,278,241
Net profit attributable to Shareholders	**16,941,435**	6,318,000	9,388,645	8,582,556	7,362,675
Earnings per share③	**RMB3.48**	RMB1.29	RMB1.91	RMB1.75	RMB1.50
Dividend per share ④	**RMB2.00**	RMB1.00	RMB0.58	RMB0.54	RMB0.48

Notes:

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

② Since 31 December 2020, the Company would not consolidate the financial statements of Intelligent Logistics. The Company had no longer consolidated the financial statements of Jinan Duanxin Mingli Financial Consulting Partnership (Limited) and Zoucheng Yankuang Beisheng Industry Trade Company Limited since 2020. And the Company had no longer consolidated the financial statements of Shandong Yanzhou Coal Property Service Co., Ltd. since 2018.

③ As at the end of the reporting period, 14,184,060 options under 2018 A Share Incentive Scheme of the Company were exercised and completed registration of shares transfer. For this reason, the Company's total share capital increased by 14,184,060 shares, and the earnings per share and other indicators were calculated on the weighted average number of issued ordinary shares.

④ The dividend per share for the year 2021 is the recommended dividends to be declared. For details, please refer to the section headed Profit Distribution or Capital Reserves Transferred to Share Capital Plan in "Chapter 5 Corporate Governance".

(II) Assets and Liabilities

Unit: RMB'000

	Year ended 31 December				
	2021	2020	2019	2018	2017
Net current assets	**-7,329,284**	-45,023,397	-4,052,846	5,230,224	1,523,280
Net value of property, plant and equipment	**75,270,589**	65,516,221	44,995,450	45,296,120	46,267,729
Total assets	**301,959,007**	273,009,258	210,760,571	206,003,615	197,312,624
Total borrowings	**103,400,097**	92,291,944	65,375,491	68,677,923	70,360,694
Equity attributable to Shareholders	**68,657,660**	57,894,751	54,119,800	52,077,360	47,410,866
Net asset value per share	**RMB14.09**	RMB11.91	RMB11.02	RMB10.60	RMB9.65
Return on net assets (%)	**24.68**	10.91	17.35	16.48	15.53

(III) Summary of Cash Flow Statement

Unit: RMB' 000

	Year ended 31 December				
	2021	2020	2019	2018	2017
Net cash from operating activities	**29,815,724**	6,958,798	16,411,202	18,243,311	12,161,766
Net increase (decrease) in cash and cash equivalents	**23,316,286**	-5,462,167	-4,885,829	6,180,131	4,900,230
Net cash flow per share from operating activities	**RMB6.12**	RMB1.43	RMB3.34	RMB3.71	RMB2.48

Chairman's Statement

Mr. Li Wei
Chairman

Respectable Shareholders,

On behalf of the Board, I would like to present the 2021 annual report of Yankuang Energy and the development plan for year 2022 to all Shareholders.

In 2021, global economy has experienced a complex and volatile situation with an uneven development trend attributed to regional economic recovery. Thanks to government's efforts in coordinating the epidemic prevention and control and economic and social development, Chinese economy has maintained stable and seen improvement. The coal market saw a tight supply with prices fluctuated in a high level, which contributed a significant rise in the profitability.

In 2021, Yankuang Energy maintained sound growth momentum by comprehensively implementing the new development concept, strictly following the requirements of Carbon Peaking and Carbon Neutrality, accelerating industrial transformation and upgrading as well as comprehensively deepening reform and innovation. In 2021, the Company was conferred the Special Contribution Award for China Top 100 Listed Companies and was rated as AAA Credit Coal Enterprise. Its market value exceeded RMB100 billion, and its ranking on the list of Fortune China 500 ascended to the 52nd place. In order to sincerely reward investors for their long-term support, the Company intends to distribute cash dividends of RMB2.00 per share, registering the most lucrative one in history.

I. **Achieved record level in business operation quality.** For year 2021, the Company's operating revenue was RMB108.62 billion, the net cash from operating activities was RMB29.82 billion, increased by RMB22.86 billion as compared with that the previous year, the profit before tax was RMB24.92 billion and the net profit attributable to the Shareholders of the Company was RMB16.94 billion, hitting a record high in term of profitability. As at the end of 2021, the total assets reached RMB301.96 billion, representing an increase of 10.6% over that of the beginning of 2021. The returns on net assets was up to 24.7%. With significant improvement in both business scale and operation quality, the Company has maintained leading position in the industry.

II. **Implemented transformation strategy and ushered new era for development.** Adhering to strategy-driven development and pursuing for low-carbon transformation, the Company has formulated and announced new development strategy for the next 5-10 years in line with the goal of Carbon Peaking and Carbon Neutrality, which specified the strategic planning for the development of five pillar industries, namely, mining, high-end chemical and new materials, new energy, high-end equipment manufacturing and intelligent logistics, and outlined the "road map" and "odometer" for the Company's transformation development. By planning so, the Company aims to build itself into a demonstrating world-class sustainable clean energy supplier.

III. **Made progress in industrial transformation and upgrading.** Focusing on intelligent and efficient **mining**, the Company built up 31 intelligent mining working faces and 5 intelligent demonstration mines reaching national standards. By further tapping the synergy between domestic and overseas markets and utilizing the resources of both China and Australia, Yancoal Australia has achieved strong profitability and become a new contributor for the Group's profit growth. **The high-end chemical and new materials industry** extended towards the high-end of the value chain. Rongxin Chemicals owns the world leading 4,000t/d coal water slurry gasification technology; Lunan Chemicals was rated as the "chain master" enterprise of coal-based fine chemicals industrial chain, which contributed to the extension of the industrial chain and the value enhancement of the value chain. **New energy industry has developed into the start-up phase.** The Company has accelerated the cultivation and development of Inner Mongolia Fengwei photoelectric and other projects and kicked off the preliminary works for centralized photovoltaic projects in Shandong province. In addition, the Company has carried out special research and development for energy storage technology and continuously accumulated technological and resource advantages. **High-end equipment manufacturing** has secured revolutionary and innovative breakthroughs, i.e. 10m super-high comprehensive mining hydraulic supports have reached world-leading levels in terms of the working resistance and mining height parameters. The Company has launched the construction of the Luxi Intelligent Manufacturing Park and planed the cooperation projects for 8 types of high-end coal mining machine products in an attempt to expand the industrial chain for the intelligent equipment manufacturing. **The intelligent logistics industry** has launched industry resources integration by focusing on the development model of "five in one" comprising of railways, roads, ports and shipping, industry parks and platforms.

IV. **Secured improvement in lean management.** By comprehensively implementing budget management and benchmarking management, the Company made whole-process breakdowns for cost control objective so as to reduce budget and expenses in an all-round way. As a result, the Company effectively reduced the cost and the unit costs of main products. By liquidating the non-profiting and the non-main business assets, the Company has disposed of a batch of non-core business enterprises. At the same time, the Company timely seized the favorable market opportunities, proactively explored regional markets potentials, and contracted a number of new customers whose demand exceeded a million tons. The Company also fully exploited potentials to increase added value of the products. Its clean coal production in Shandong accounted for 54.2% in the sales of self-produced coal, and the comprehensive utilization efficiency of coal products produced in other provinces as raw materials for coal chemical has been continuously improved.

V. **Performed social responsibilities.** The Company fully shouldered the responsibilities of guaranteeing energy supply in special times and successfully completed the task of ensuring supply and increasing stock. The Company was also involved in the rescue and relief work for Hushan Gold Mine accident and Zhengzhou flooding and was awarded a collective commendation by the Ministry of Emergency Management of China. In addition, the Company has invested over RMB23 million in Heze, Ordos and other regions where its subsidiaries are located, successfully implemented a batch of industrial revitalization projects and contributed to the revitalization of rural areas. The Company has continued to carry out production safety program, put an end to serious personal injuries, and made 2021 a historically best year of production safety. Due to commitments to the green, circular and sustainable development of enterprises, Yankuang Energy was rated the first enterprise in Chinese coal industry by Carbon Disclosure Plan (CDP).

Looking into 2022, despite external instabilities and uncertainties, the fundamentals of Chinese economy remain unchanged and will sustain long-term growth. In 2022, the Group will focus on high-quality development, take innovation as the fundamental driving force, lead industrial development, and promote the implementation of strategic plans. In 2022, the Group plans to sell 100 million tons of self-produced coal and 4.92 million tons of coal chemicals.

The Group will take the following steps to reach annual operating goals.

I. **Accelerate the implementation of strategic planning.** The sub-plans for "five pillar industries" should be formulated so as to ensure the Company's strategic planning can be put into implementation. **Mining industry**: the Company will move faster to build "four-type" mines that are safe, green, intelligent and efficient and additionally construct five demonstration intelligent mines of national standard; further optimize systems and equipment, and reduce deep-depth mining, development headings, workfaces and front-workers, while putting more of the existing resources to good use. The Company will also seek opportunities to acquire prime mineral resources with good development prospects and low investment costs, as part of the ongoing efforts to expand resources and capital reserves. The Company will push forward the sound operating results of the Headquarter base, Shaanxi and Inner Mongolia base and Australia base, to maximize the synergy effect at home and abroad. **High-end chemical and new materials industry**: benchmarking against the corresponding industry pacesetter companies, the Company plans to improve production processes, optimize product mix and cut back production costs. By relying on the National Engineering and Research Center of Large-scale Coal Gasification and Coal-based New Materials of Lunan Chemicals, the Company is determined to strengthen collaboration with universities and research institutions in expectation of more breakthroughs in key technology R&D featuring clean and efficient utilization of coal as well as technology commercialization. **New energy industry**: the Company will seize opportunities, take the holistic vision to facilitate capital operation, carry out M&A when needed, and increase the proportion of the new energy segment. **High-end equipment manufacturing industry**: the Company will focus on main products of high-end equipment and expand market share in the brand name of "Yankuang"; accelerate the construction of Luxi Smart Manufacturing Park, strengthen joint ventures and cooperation on strategic projects to achieve complementary advantages, resource sharing and interconnected development. **Smart logistics industry**: the Company will expedite internal resources integration and establish efficient and synergistic modern logistics system, by means of M&A, joint ventures or cooperation with leading enterprises.

II. **Strengthen the support and guarantee of operation control.** By means of the initiatives of "two increases, three reductions and three improvements (Increase product output and the number of projects with up-to-standard output and efficiency, the Group will comprehensively enhance corporate value and lean management control ability. **To increase products and production as well as full-capacity operation projects,** the Company will speed up all approving procedures for Yingpanhao, Jinjitan, and Shilawusu coal mines, etc., so as to release advanced production capacity, intensify efforts in mine backfilling, adopt tailor-made preparation solution for each plant when working out coal preparation technology retrofitting proposal, to ensure that every single project can realize full-capacity operation and improve quality and efficiency. **To reduce debt-to-assets ratio, costs and the fund occupying,** the Company will optimize investment portfolio, industrial positioning and business models, expand financing channels and instruments and decrease the debt-to-asset ratio. Meanwhile, the Company will further implement centralized procurement of materials and reduce the occupation of stocks funds so as to realize continuous reduction of costs. **To improve enterprise profitability, labor productivity and investment in sci-tech R&D,** the Company decides to optimize production organization, perfect sales and marketing mode, and fully energize the profitability of backbone coal mines and pillar subsidiaries. The Company will do more to form a well-conceived action plan to downsize staff, increase efficiency, and optimize personnel allocation. To strengthen the driving power of sci-tech innovation in development, the Company plans to increase R&D investment by more than 10% over the previous year.

III. **Enhance sustainability in an all-round way.** The Company will further standardize corporate governance as a listed company, improve the quality of information disclosure, and build a standard, efficient and transparent corporate governance system. The Company is working hard to formulate action plan in line with the Carbon Peaking and Carbon Neutrality. The Company will also focus on key issues such as clean and efficient utilization of coal, subsidence areas restoration, and pollution prevention and control, in addition to low-carbon technology research, model innovation, and whole-chain green production and recycling.

"When hundreds of boats racing in a mighty river, the one with the most diligent sailors excels". This poem is an ideal epitome of Yankuang Energy's plan for year 2022: With a global vision and innovative thinking, the Company will follow the global energy development trends, integrate itself into the new pattern of development, uphold integrity and innovation, implement transformation development and improve management. The Company will blaze a new trail for the transformation and upgrading of traditional energy enterprises and create more values to all interested parties including shareholders, customers, employees and the society.

On behalf of the Board
Li Wei
Chairman

Zoucheng, PRC
30 March, 2022

Board of Directors' Report

Mr. Xiao Yaomeng

General Manager

I. MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

	Unit	2021	2020	Increase/ Decrease	Increase/ Decrease (%)
1. Coal Business					
Salable coal production volume	kiloton	**105,025**	104,041	984	0.95
Salable coal sales volume	kiloton	**105,645**	136,249	-30,604	-22.46
2. Coal Chemicals Business					
Chemical products production volume	kiloton	**5,794**	2,090	3,704	177.16
Chemical products sales volume	kiloton	**5,246**	2,095	3,150	150.36
3. Power Generation Business					
Power generation	10,000KWh	**726,760**	286,793	439,967	153.41
Electricity sold	10,000KWh	**575,555**	188,372	387,183	205.54

Notes:

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

② The data in above table and the data for the reporting period and the comparative periods are all rounded off, but the increase and decrease percentages are calculated according to the original data before rounding.

In 2021, the Group sold 105.64 million tons of salable coal, including: 93.83 million tons of self-produced coal, accounting for 85.3% of annual self-produced coal sales plan.

II. INDUSTRY SITUATION DURING THE REPORTING PERIOD

In 2021, in response to national initiative of Carbon Peaking and Carbon Neutrality, coal industry has experienced accelerated reform and adjustment in mode of development and industry mix; meanwhile, safe, high-efficient and intelligent mining as well as clean and effective utilization of coal have been greatly promoted. As a result, coal industry supply and synergetic development between upstream and downstream industries have been constantly improved. Due to rapid increase of downstream demand, safety and environmental protection constraints and other factors, international and domestic coal supply saw a tight supply, in reaction to which China has adopted strict domestic coal supply guarantee. All these contributed to a constant rising coal price and significant improvement in profits. Since the expansion of coal chemical production was limited due to the tightening regulatory policies of dual control of energy and raw materials consumption, the coal chemical products supply tightened slightly, with prices hovering at a high level.

III. MAIN BUSINESS DURING THE REPORTING PERIOD

(I) Main Business

1. Coal business

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

2. Coal chemicals business

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

(II) Market Position and Competitive Advantages

The Group is an international large-scale energy enterprise based on coal production and integrated with coal deep processing and comprehensive utilization. It is the largest coal producer in East China, China leading thermal coal enterprise, and Yancoal Australia Limited, a controlled subsidiary, is the largest pure coal producer in Australia. The Group owns several complete chemical industrial chains, including coal gasification and coal liquefaction, and it is also the only enterprise in China that masters both low-temperature FT synthesis and high-temperature FT synthesis technology. Its production of acetic acid ranks the third in China.

IV. CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

In 2021, the Group proactively seized the opportunities brought by the national policy of Carbon Peaking & Carbon Neutrality and adjusted development strategy with global vision and open mind; under which, the Group has given full play to the synergistic and complementary advantages of different regions and diversified industries, continuously optimized its industrial structure and regional layout, accelerated the transformation of its development mode, expanded its development horizon, and comprehensively improved its core competitiveness, value generating and sustainable development ability. Great efforts were made to promote intelligent and high-efficient transformation of coal industry: 31 intelligent coal mining workfaces were built, 5 national demonstration coal mines intelligent reached national standard, all coal mines with rock burst in Headquarter area realized intelligent mining. In Shaanxi-Inner Mongolia base, Yingpanhao Coal Mine obtained mining license, Shilawusu Coal Mine realized transformation of resources advantages into economic advantages, with sound growth momentum; In Australia base, the cost-effective production of major coal mines were fully released, operation quality and economic benefits were greatly improved. In term of chemical industry, the Group accelerated extending industrial chains to high-end value ones; Future Energy's 100,000 tons/year high-temperature FT synthetic products filled the domestic gap in the field of high-end special wax manufacturing; Lunan Chemical became the "chain master" enterprise of Shandong Province coal-based fine chemicals industry chain, and the 300,000 tons/year caprolactam project was completed construction and put into operation. Great achievements were made in technological innovation: A total of RMB1,140 million was invested in R&D, increased by 123.5% as compared with that of the previous year; 40 scientific awards of national level and provincial level were granted; a digital transformation and development mode of "Industrial Internet and Intelligent Mine" was established, digital operation and control system was promoted and applied, core business realized whole process connected and data sharing. The first block for comprehensive land subsidence rehabilitation, featuring ecological harmony of "fishing, farming and schooling", was completed and set a nationwide model for ecological restoration.

V. MAIN OPERATION DURING THE REPORTING PERIOD

(I) Operation by Business Segment

1. Coal business

(1) Coal production

In 2021, the Group produced 105.03 million tons of salable coal, representing an increase of 0.98 million tons or 0.9% as compared with that of the previous year.

The following table sets out the salable coal production of the Group for the year 2021:

	2021 (kiloton)	2020 (kiloton)	Increase/ Decrease (kiloton)	Increase/ Decrease (%)
1. The Company	**26,788**	30,659	-3,872	-12.63
2. Heze Neng Hua	**2,533**	3,282	-749	-22.81
3. Shanxi Neng Hua	**1,300**	1,612	-312	-19.36
4. Future Energy①	**17,112**	1,532	15,579	1,016.70
5. Ordos Neng Hua	**11,511**	15,821	-4,310	-27.24
6. Haosheng Company②	**3,188**	8,241	-5,053	-61.32
7. Inner Mongolia Mining③	**832**	–	–	–
8. Yancoal Australia	**36,699**	37,776	-1,077	-2.85
9. Yancoal International	**5,063**	5,118	-55	-1.08
Total	**105,025**	104,041	984	0.95

Notes:

① The production of salable coal by Future Energy increased on year-on year basis, which is mainly because the Group consolidated the financial statements of Future Energy in December 2020, and its saleable coal production was consolidated to the Group accordingly.

② The production of saleable coal of Haosheng Company decreased on year-on-year basis, which is mainly because the production decreased due to the constraints of safety and environment protection policies.

③ During the reporting period, Inner Mongolia Mining purchased 57.75% equity interests of Yingpanhao Coal Mine held by Ordos Neng Hua, for which reason, the operating data of Yingpanhao Coal Mine for the year 2021 was recorded under Inner Mongolia Mining.

(2) Coal prices and marketing

In 2021, the Group sold a total of 105.64 million tons of coal, representing a decrease of 30.6 million tons or 22.5% as compared with that of the previous year, which was attributed to the facts that ①the self-produced coal decreased as compared with that of the previous year; ②the sales volume of traded coal decreased as compared with that of the previous year.

In 2021, the Group realized sales income of coal business of RMB83.797 billion, representing an increase of RMB18.377 billion or 28.1% as compared with that of the previous year, which was mainly attributed to the rise of saleable coal price.

The following table sets out the Group's coal production and sales by coal types for the year 2021:

	2021				2020			
	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Price (RMB/ton)	Sales Income (RMB' 000,000)	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Price (RMB/ton)	Sales Income (RMB' 000,000)
1. The Company	26,788	23,045	864.79	19,929	30,659	31,223	524.64	16,381
No.1 clean coal	754	712	1,162.64	828	739	783	753.07	589
No.2 clean coal	7,907	7,369	1,221.44	9,001	8,813	9,119	705.87	6,437
No.3 clean coal	4,254	3,479	1,072.46	3,731	3,221	3,327	559.12	1,860
Lump coal	10	8	771.65	7	2,025	2,161	602.71	1,303
Sub-total of clean coal	12,926	11,569	1,172.68	13,567	14,798	15,390	662.06	10,189
Screened raw coal	13,862	11,476	554.39	6,362	15,861	15,832	391.07	6,192
2. Heze Neng Hua	2,533	2,026	1,536.75	3,113	3,282	3,093	869.76	2,690
No.2 Clean Coal	2,230	2,026	1,536.75	3,113	2,557	2,638	953.87	2,517
Screened raw coal	303	–	–	–	725	455	381.91	174
3. Shanxi Neng Hua	1,300	1,265	467.22	591	1,612	1,661	282.31	469
Screened raw coal	1,300	1,265	467.22	591	1,612	1,661	282.31	469
4. Future Energy	17,112	12,412	700.77	8,698	1,532	1,312	428.51	562
No.3 Clean Coal	2,110	2,079	722.03	1,501	194	184	442.45	81
Lump coal	4,124	3,946	709.06	2,798	329	321	454.15	146
Screened raw coal	10,877	6,387	688.73	4,399	1,010	807	415.12	335
5. Ordos Neng Hua	11,511	8,530	537.06	4,581	15,821	13,131	259.78	3,411
Screened raw coal	11,511	8,530	537.06	4,581	15,821	13,131	259.78	3,411
6. Haosheng Company	3,188	3,338	627.03	2,093	8,241	8,124	298.16	2,422
Screened raw coal	3,188	3,338	627.03	2,093	8,241	8,124	298.16	2,422
7. Inner Mongolia Mining	832	846	491.04	416	–	–	–	–
Screened raw coal	832	846	491.04	416	–	–	–	–
8. Yancoal Australia	36,699	37,455	674.44	25,261	37,776	37,275	413.70	15,420
Semi-hard coking coal	236	241	1,194.73	287	207	205	683.65	140
Semi-soft coking coal	2,784	2,841	812.00	2,307	1,632	1,610	615.19	990
PCI coal	2,641	2,696	903.94	2,437	2,334	2,303	613.38	1,413
Thermal coal	31,038	31,678	638.62	20,230	33,603	33,157	388.38	12,877
9. Yancoal International	5,063	4,915	524.47	2,578	5,118	5,253	353.32	1,856
Thermal coal	5,063	4,915	524.47	2,578	5,118	5,253	353.32	1,856
10.Traded coal	–	11,813	1,399.91	16,537	–	35,177	631.32	22,208
Total for the Group	105,025	105,645	793.19	83,797	104,041	136,249	480.15	65,420

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

	Impact of Changes on Coal Sales Volume (RMB'000,000)	Impact of Changes on the Sales Price of Coal (RMB'000,000)
The Company	-4,291	7,839
Heze Neng Hua	-928	1,351
Shanxi Neng Hua	-112	234
Future Energy	4,756	3,379
Ordos Neng Hua	-1,195	2,365
Haosheng Company	-1,427	1,098
Inner Mongolia Mining	416	–
Yancoal Australia	75	9,766
Yancoal International	-119	841
Traded Coal	-14,750	9,080

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

The following table sets out the Group's coal sales by geographical regions for the year 2021:

	2021		2020	
	Sales Volume (kiloton)	**Sales Income (RMB' 000,000)**	Sales Volume (kiloton)	Sales Income (RMB' 000,000)
1. China	**68,684**	**60,465**	101,291	50,774
East China	**39,168**	**38,155**	46,957	28,432
South China	**2,796**	**2,034**	16,031	6,541
North China	**15,164**	**11,595**	22,133	9,448
Northwest China	**7,425**	**4,245**	9,941	3,255
Other regions	**4,131**	**4,436**	6,229	3,098
2. Japan	**9,867**	**8,390**	8,485	4,041
3. South Korea	**4,445**	**3,163**	4,318	2,045
4. Singapore	**7,202**	**2,931**	8,923	2,825
5. Australia	**7,192**	**4,050**	7,636	2,882
6. Others	**8,254**	**4,798**	5,596	2,853
7. Total for the Group	**105,645**	**83,797**	136,249	65,420

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

The following table sets out the Group's coal sales by consuming industries for the year 2021:

	2021		2020	
	Sales Volume (kiloton)	**Sales Income (RMB'000,000)**	Sales Volume (kiloton)	Sales Income (RMB'000,000)
1. Power	**52,771**	**32,405**	50,608	19,810
2. Metallurgy	**8,909**	**9,469**	6,899	5,694
3. Chemical	**12,988**	**11,830**	13,645	7,702
4. Trade business	**28,400**	**27,959**	62,110	30,848
5. Others	**2,577**	**2,135**	2,986	1,365
6. Total for the Group	**105,645**	**83,797**	136,249	65,420

(3) The Cost of Coal Sales

In 2021, the Group's cost of coal sales amounted to RMB47.101 billion, representing a decrease of RMB1.044 billion or 2.2% as compared with that of the previous year.

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

		Unit	2021	2020	Increase/ Decrease	Increase/ Decrease (%)
The Company	Total cost of sales	RMB million	**9,070**	9,026	45	0.49
	Cost of sales per ton	RMB/ton	**375.39**	287.15	88.24	30.73
Heze Neng Hua	Total cost of sales	RMB million	**1,366**	1,519	-153	-10.08
	Cost of sales per ton	RMB/ton	**600.76**	451.28	149.47	33.12
Shanxi Neng Hua	Total cost of sales	RMB million	**467**	398	69	17.25
	Cost of sales per ton	RMB/ton	**369.04**	239.66	129.39	53.99
Future Energy	Total cost of sales	RMB million	**4,046**	251	3,794	1,510.16
	Cost of sales per ton	RMB/ton	**268.29**	188.28	80.01	42.49
Ordos Neng Hua	Total cost of sales	RMB million	**2,419**	2,004	415	20.72
	Cost of sales per ton	RMB/ton	**283.59**	151.51	132.08	87.18
Haosheng Company	Total cost of sales	RMB million	**2,175**	1,527	648	42.46
	Cost of sales per ton	RMB/ton	**651.56**	187.94	463.62	246.69
Inner Mongolia Mining	Total cost of sales	RMB million	**641**	–	641	–
	Cost of sales per ton	RMB/ton	**757.13**	–	757.13	–
Yancoal Australia	Total cost of sales	RMB million	**12,451**	10,845	1,606	14.81
	Cost of sales per ton	RMB/ton	**332.43**	290.96	41.47	14.25
Yancoal International	Total cost of sales	RMB million	**1,557**	1,350	207	15.33
	Cost of sales per ton	RMB/ton	**312.64**	257.03	55.61	21.63
Traded coal	Total cost of sales	RMB million	**15,704**	21,474	-5,770	-26.87
	Cost of sales per ton	RMB/ton	**1,329.38**	610.46	718.91	117.77

In 2021, the cost of sales per ton for self-produced coal of the Group's business entities has generally increased and the reasons are as follows: (i) the coal production in domestic coal mines decreased year-on-year under the influence of the geological environment and the strengthened safety and environmental protection policies; (ii) in order to meet the new requirements of the local government and to reasonably estimate the relocation costs based on the actual situation, the Group raised the accrual standard for subsiding fees during the reporting period; and (iii) the investment in intelligent mine construction increased year on year.

2. *Coal chemicals business*

The following table sets out the Group's coal chemicals business for 2021:

	2021				2020			
	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Income (RMB' 000,000)	Cost of Sales (RMB' 000,000)	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Income (RMB' 000,000)	Cost of Sales (RMB' 000,000)
1. Lunan Chemicals①	2,078	1,716	11,686	7,257	184	143	697	433
Of which: Acetic acid	1,092	757	4,275	1,982	94	60	221	104
Ethyl acetate	401	402	3,086	2,395	34	34	216	173
2. Future Energy	907	881	3,901	3,253	83	87	301	193
Of which: crude liquid wax	448	445	2,177	1,664	38	46	170	102
3. Yulin Neng Hua②	780	727	1,449	1,346	741	766	1,003	863
Of which: Methanol	780	727	1,449	1,346	741	766	1,003	863
4. Ordos Neng Hua③	2,015	1,908	4,338	3,014	1,082	1,098	1,430	1,195
Of which: Methanol	1,723	1,612	3,106	2,202	1,082	1,098	1,430	1,195
Ethylene glycol	292	295	1,231	811	–	–	–	–
5. Fine Chemicals	14	14	29	15	1	1	2	1
Total for the Group	5,794	5,246	21,402	14,885	2,090	2,095	3,433	2,686

Notes:

① The production volume, sales volume, sales income and sales cost of the chemical products of Lunan Chemicals, Future Energy and Fine Chemicals increased as compared with that of the previous year, which was mainly due to the facts that the Group consolidated the financial statements of Lunan Chemicals in December 2020, and all the chemical business of which were merged into the Group; The prices of main products and raw materials rose.

② The sales income, sales cost of Yulin Neng Hua increased as compared with that of the previous year, which was mainly due to the prices rising of main products and raw materials.

③ The production volume, sales volume, sales income and sales cost of the chemical products of Ordos Neng Hua increased as compared with that of the previous year, which was mainly due to the facts that the phase II coal chemical project was completed and put into operation in early 2021, which contributed to the increase of methanol and ethylene glycol production; The prices of main products and raw materials rose.

3. *Power Generation Business*

The following table sets out the operation of the Group's power generation business for the year 2021:

	2021				2020			
	Power Generation (10,000KWh)	Power Sold (10,000KWh)	Sales Income (RMB million)	Sales Cost (RMB million)	Power Generation (10,000KWh)	Power Sold (10,000KWh)	Sales Income (RMB million)	Sales Cost (RMB million)
1 Hua Ju Energy①	–	–	–	–	75,673	25,056	105	111
2 Jining No.3 Power Plant②	140,134	122,507	436	352	14,717	14,717	37	37
3 Heze Neng Hua	152,330	133,476	479	454	155,308	137,145	478	372
4 Lunan Chemicals	23,209	9,835	54	47	1,930	1,097	5	5
5 Yulin Neng Hua③	33,448	15,540	38	38	28,429	6,694	15	6
6 Future Energy	105,527	41,924	121	144	10,735	3,663	11	13
7 Inner Mongolia Mining④	272,112	252,273	806	907	–	–	–	–
Total for the Group	726,760	575,555	1,934	1,942	286,793	188,372	651	544

Notes:

① The power generation volume, sales volume, sales income and sales cost of Shandong Hua Ju Energy Company Limited ("Hua Ju Energy") were nil, which were attributed to the closing down of its subordinate power plants.

② The power generation volume, sales volume, sales income and sales cost of Jining No.3 Power Plant, Lunan Chemicals and Future Energy increased as compared with that of the previous year, which was mainly because the Group consolidated the financial statements of them in December 2020, and their power generation business was merged to the Group.

③ The sales volume, sales income and sales cost of electricity power of Yulin Neng Hua increased as compared with that of the previous year, which was mainly because its electricity sold externally increased as compared with that of the previous year.

④ The Group consolidated the relative power business operating data of Inner Mongolia Mining for the reporting period because it increased capital in Inner Mongolia Mining and obtained 51% of its equity interests.

(II) Analysis of Main Business

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

Unit: RMB million

Items	2021	2020	Increase/ Decrease (%)
Sales income	**108,616**	69,123	57.13
Sales cost	**65,313**	51,171	27.64
Selling, general and administrative expenses	**15,115**	8,433	79.24
Net cash flow from operating activities	**29,816**	6,959	328.46
Net cash flow from investment activities	**-22,470**	-10,268	–
Net cash flow from financing activities	**15,970**	-2,153	–
Income from other business	**2,720**	10,302	-73.59
Financing cost	**5,319**	2,867	85.53
Income tax	**5,470**	1,815	201.35

Elaboration for changes of sales income: ①The sales income from coal business increased by RMB18.377 billion as compared with that of the previous year;②The sales income from coal chemical business increased by RMB17.969 billion as compared with that of the previous year.

Elaboration for the changes of sales cost: The sales cost of coal chemical business increased by RMB12.24 billion as compared with that of the previous year.

Reasons for changes in selling, general and administrative expenses: ①During the reporting period, asset impairment losses increased by RMB623 million year-on-year; ② The royalties of mining rights increased by RMB1.119 billion year-on-year; and ③ R&D expenses increased by RMB600 million; ④ Interest expenses increased by RMB2.062 billion year-on-year.

Elaboration for the changes of net cash from operating activities: The year-on-year increase of the net cash from operating activities was attributed to the prices rising of coal and coal chemical products of the Group during the reporting period.

Elaboration for the changes of net cash from investment activities: A consideration of RMB11.579 billion was paid for acquisition of subsidiaries during the reporting period.

Elaboration for the changes of net cash from financing activities: ① During the reporting period, Yankuang Finance Company provided financial services such as deposits and loans to the entities outside the Group, which caused an increase of RMB5,338 million in net cash from financing activities; ② During the reporting period, the Company issued perpetual capital debentures in an amount of RMB8,000 million; ③ During the reporting period, the Company's payment for repurchasing perpetual capital debentures decreased by RMB3,417 million year-on-year.

Elaboration for changes of income from other business: ①The Group acquired additional 10% equity interest and obtained controlling share of Moolarben JV during the previous reporting period, which was recognized as an one-time income from other business of RMB3.233 billion at fair value; ②The Group acquired 49.315% equity interest of Future Energy during the previous reporting period, which was recognized as an one-time income from other business of RMB1.664 billion at fair value; ③The Group increased capital in Inner Mongolia Mining and obtained 51% of its equity interest during the previous reporting period, which was recognized as an one-off gain of RMB835 million from acquisition, while there were no such business activities occurring for the year 2021.

Elaboration for changes of financing cost: the interests increased as compared with that of the previous year.

Elaboration for changes of income tax: The Group's income taxes payable increased as compared with that of the previous year.

Elaboration for significant changes in business segments, profit composition and sources (prepared under CASs)

Not applicable.

2. *Analysis on income and cost*

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

Unit: RMB'000,000

Main business by industries

By industries	Sales Income	Sales Cost	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year
1. Coal business	83,797	47,101	43.79	28.09	-2.17	increased by 17.38 percentage points
Include: self-produced coal	67,259	31,396	53.32	55.65	17.72	increased by 15.04 percentage points
Traded coal	16,537	15,704	5.04	-25.53	-26.87	increased by 1.73 percentage points
2. Coal chemicals business	21,402	14,885	30.45	523.42	454.24	increased by 8.68 percentage points
3. Power generation business	1,934	1,942	-0.40	197.33	257.00	decreased by 16.78 percentage points
4. Other business	1,483	1,386	6.54	139.28	215.37	decreased by 22.55 percentage points

Main business by products

Main business by products	Sales Income	Sales Cost	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year
1. Coal	83,797	47,101	43.79	28.09	-2.17	increased by 17.38 percentage points
Including: self-produced coal	67,259	31,396	53.32	55.65	17.72	increased by 15.04 percentage points
Traded coal	16,537	15,704	5.04	-25.53	-26.87	increased by 1.73 percentage points
2. Coal chemicals	21,402	14,885	30.45	523.42	454.24	increased by 8.68 percentage points
3. Power generation	1,934	1,942	-0.40	197.33	257.00	decreased by 16.78 percentage points
4. Others	1,483	1,386	6.54	139.28	215.37	decreased by 22.55 percentage points

Main business by regions

By Regions	Sales Income	Sales Cost	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year
Domestic	79,998	50,526	36.84	56.83	33.73	increased by 10.91 percentage points
Overseas	28,618	14,787	48.33	49.72	5.38	increased by 21.74 percentage points

Main business by marketing pattern

By Marketing Pattern	Sales Income	Sales Cost	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year
Direct selling	108,616	65,313	39.87	54.89	26.05	increased by 13.76 percentage points

Explanation on main business by industries, products, regions or marketing patterns

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

(2) Production and sales volume analysis

Unit: thousand tons

Main products	Production volume	Sales volume	Inventory	Increase/ Decrease in production volume as compared with that of the previous year (%)	Increase/ Decrease in sales volume as compared with that of the previous year (%)	Increase/Decrease in inventory as compared with the beginning of the previous year (%)
Self-produced salable coal	105,025	105,645	7,111	0.95	-22.46	25.97
Methanol	2,503	2,340	156	37.31	25.51	501.54
Glycol	292	295	58	–	–	–
Acetic acid	1,092	757	3	1,067.48	1,171.39	-56.17
Ethyl acetate	401	402	2	1,077.27	1,089.29	-31.50
Crude liquid wax	448	445	11	1,066.67	863.19	31.38

Explanation on production and sales volume

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

(3) Performance of major procurement contract and sales contract

Not applicable.

(4) Cost analysis

Unit: RMB'000,000

By Industry

Cost components	**Current amount**	**Percentage of total cost in 2021 (%)**	The amount of the previous year	Percentage of total cost in 2020 (%)	Percentage increased or decreased in current amount as compared with the amount of the previous year (%)
I. Self-produced coal cost	**31,396**	100.00	26,670	100	17.72
1. Materials	**3,896**	12.41	3,656	13.71	6.57
2. Salary and employee welfare	**7,948**	25.32	6,624	24.84	19.99
3. Electricity	**915**	2.92	867	3.25	5.56
4. Depreciation	**3,639**	11.59	3,453	12.95	5.37
5. Subsidence expense	**2,210**	7.04	1,320	4.95	67.42
6. Repair expenses	**688**	2.19	1,907	7.15	-63.89
7. Amortization of mining rights	**2,014**	6.42	1,804	6.76	11.66
8. Sales taxes and surcharges	**3,964**	12.63	2,513	9.42	57.71
9. Other expenditures	**6,122**	19.50	4,526	16.97	35.24
II. Traded coal cost	**15,704**	–	21,474	–	-26.87
III. Total	**47,101**	–	48,144	–	-2.17

Other explanations

Since cost of coal sales account for 72.1% of the Group's total sales cost, the cost component by industries listed in the table above only refers to the cost component of the Group's coal sales during the reporting period.

(5) Changes in scope of consolidation due to the changes in shareholding of main subsidiaries during the reporting period.

Not applicable.

(6) Information on significant changes or adjustments in business, products or services during the reporting period.

Not applicable.

(7) Major Customers and Suppliers

A. Major customers

The sales revenue attributable to the largest customer is RMB2.64 billion, accounting for 2.9% of total annual sales revenue; the sales revenue attributable to the top five customers is RMB10.75 billion, accounting for 11.7% of total annual sales revenue; the sales revenue attributable to connected parties among the top five customers is RMB1.91 billion, accounting for 2.1% of the total annual sales revenue.

The cases where the proportion of sales revenue attributable to a single customer exceeded 50% of the total annual sales revenue, there was a new customer among the top five customers or the Group heavily relied on a few customers.

Unit: RMB100 million

Number	Customer	Sales revenue	Proportion in the total annual sales revenue (%)
1	Jpower Resources	20.42	2.22

B. Major suppliers of the Company

The procurement from the largest supplier is RMB1.558 billion, accounting for 7.8% of the total annual procurement; the procurement of the top five suppliers is RMB4.57 billion, accounting for 22.8% of the total annual procurement; of the top five suppliers' procurement, that of the related parties is RMB877 million, accounting for 4.4% of the total annual procurement.

The cases where the proportion of procurement attributable to a single supplier exceeded 50% of the total amount, there was a new supplier among the top five suppliers or the Group heavily relied on a few suppliers during the reporting period.

Unit: RMB100 million

Number	Suppliers	Procurement amount	Proportion in the total annual procurement (%)
1	Sinopec Chemical Commercial Holding Company Limited	6.99	3.48
2	Shaanxi Yanchang Petroleum Mining Co., Ltd. Coal Sales and Transportation Branch	6.90	3.44

Other Explanation ① The biggest customer, the top five customers and the biggest suppliers are mainly the customers and suppliers relating to the self-produced products of main businesses of the Group.

② The above customers and suppliers are domestic and overseas companies with stable operation. The Group has specialized entities to conduct qualification examination, credit management and other dynamic monitoring and control on customers and suppliers to protect itself from risks.

3. *Expenses and others*

For details of the analysis of changes in expenses and others, please refer to the section "Analysis of changes in the income statement and related accounts in the cash flow statement".

4. *R&D investment*

(1) *R&D investment*

Unit: RMB million

Expensed R&D investment during the reporting period	1,140
Capitalized R&D investment during the reporting period	0
Total R&D investment	1,140
Total R&D investment to sales income (%)	1.05
Share of capitalized R&D investment (%)	0

(2) *R&D personnel*

Number of R&D personnel in the Company [•]	3,349
The ratio of the number of R&D personnel to the total number of employees in the Company (%)	5.41
Educational background of the R&D personnel	
Category	Number
Personnel with PhD degree	4
Personnel with Master's degree	216
Personnel with Bachelor's degree	2,615
Personnel with Professional diploma	354
Personnel with High school diploma or below	160
Age structure of the R&D personnel	
Category	Number
Under 30 years old (30 years old excluded)	211
30-40 years old (30 years old included, 40 years old excluded)	1,426
40-50 years old (40 years old included, 50 years old excluded)	1,360
50-60 years old (50 years old included, 60 years old excluded)	351
60 years old and above	1

(3) Explanation

With the purpose of optimizing and upgrading the industrial structure, the Group strives to make core technical breakthroughs in its leading industries and strongly upholds its principle of viewing enterprises as the main body, pursuing internal and external integration, coordinating industries, upgrading innovation, securing breakthroughs and achieving leap-forward development. In addition, the Group will endeavor to achieve automation in production, cultivate high-end products as well as independent technologies, realize digitized management and pursue low-carbon and international development for the purpose of improving dependent innovation capability and building itself into an innovative enterprise.

In 2021, the Group completed 84 scientific and technological achievements, of which 19 reached the international advanced level. In addition, the Group was awarded 222 technical patents and conferred 40 provincial and ministerial-level scientific and technological awards. As of the end of the reporting period, there were altogether 3,349 R&D personnel working for the Group.

(4) Reasons for the significant changes in the composition of R&D personnel and its impact on the future development of the Company

Not applicable

5. Cash flow

For details of the analysis of changes in cash flows, please refer to the section "Analysis of changes in the income statement and related accounts in the cash flow statement".

Source and use of fund

For the year 2021, the Group's source of fund was mainly from operating cash flow, bond issuance and bank loans. And the fund was mainly used for operating expenses, purchasing of property, machines and equipment, dividends payment to shareholders, bank loans repayment, assets and equity acquisition consideration payment, etc.

In 2021, the Group's capital expenditure on property, machines and equipment will be RMB14.285 billion.

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

Not applicable.

(IV) Analysis on Assets and Liabilities

1. Assets and liabilities

Unit: RMB million

Items	Closing amount as at 31 December 2021	Percentage to the total as at 31 December 2021 (%)	Closing amount as at 31 December 2020	Percentage to the total as at 31 December 2020 (%)	Percentage of increase/ decrease in closing amount (%)	Notes
Bank deposit and cash	**40,045**	13.26	17,116	6.27	133.95	Cash inflow from operating and financing activities increased the bank deposit and cash balance.
Bills and accounts receivable	**13,602**	4.50	7,291	2.67	86.55	Due to the increase in coal price, bills and accounts receivable increased as compared with that of the beginning of the year.
Construction in progress	**11,911**	3.94	20,636	7.56	-42.28	①The completion of coal chemicals project-Phase II of Ordos Neng Hua led the construction in progress recognized into fixed assets, reducing the construction in progress by RMB5.818 billion as compared with that of the beginning of last year. ②The completion of coal chemicals project-Phase II of Yulin Neng Hua led the construction in progress recognized into fixed assets, reducing the construction in progress by RMB3.038 billion as compared with that of the beginning of last year.

Items	Closing amount as at 31 December 2021	Percentage to the total as at 31 December 2021 (%)	Closing amount as at 31 December 2020	Percentage to the total as at 31 December 2020 (%)	Percentage of increase/ decrease in closing amount (%)	Notes
Prepayments for property, machinery and equipment and intangible assets	**12,149**	4.02	20,666	7.57	-41.21	Yingpanhao Coal Mine obtained the mining right certificate in 2021 and the related mining right was classified as intangible assets for accounting purposes.
Long-term receivables due over one year	**6,343**	2.10	4,720	1.73	34.38	The loans issued by Yankuang Finance Company increased as compared with that of the beginning of the year.
Contract liabilities	**4,983**	1.65	3,177	1.16	56.86	①Contract liabilities of the Company increased by RMB786 million compared with the beginning of the year; ②Contract liabilities of Ordos Neng Hua increased by RMB233 million compared with the beginning of the year; ③Contract liabilities of Zhongyin International Trade increased by RMB232 million compared with the beginning of the year; ④Contract liabilities of Future Energy increased by RMB259 million compared with the beginning of the year; ⑤Contract liabilities of Lunan Chemicals increased by RMB335 million compared with that of the beginning of the year.

Items	Closing amount as at 31 December 2021	Percentage to the total as at 31 December 2021 (%)	Closing amount as at 31 December 2020	Percentage to the total as at 31 December 2020 (%)	Percentage of increase/ decrease in closing amount (%)	Notes
Borrowings due over one year	**78,195**	25.90	60,881	22.30	28.44	Borrowings due over one year from Zhongyin Financial Leasing increased by RMB1.9 billion as compared with the beginning of the year.
Holder of perpetual capital securities	**8,118**	2.69	5,218	1.91	55.59	The Company issued new perpetual bonds during the reporting period, and the balance of perpetual bonds increased by RMB3.00 billion compared with that of the beginning of the year.

Other information

(1) Debt to equity ratio

As at December 31, 2021, the equity attributable to the shareholders of the Company was 68.658 billion and the total borrowings amounted to 103.4 billion, representing a debt-to-equity ratio of 150.6%.

For detailed information on borrowings, please refer to the Note "Borrowings" to the financial statements prepared under the IFRS.

(2) Contingent liabilities

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

(3) Pledge of assets

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

2. *Overseas Asset*

(Prepared under CASs)

(1) *Size of asset*

As at 31 December 2021, the Group's overseas asset is RMB70.56 billion, representing 24.4% over the total asset.

(2) *Elaboration on the high ratio of overseas asset in the total.*

Unit: RMB million

Overseas assets	Reasons of formation	Operation mode	Sales income as at the end of the reporting period	Net profits as at the end of the reporting period
Yancoal Australia	incorporated	independent operating	26,647	3,812
Yancoal International	incorporated	independent operating	2,744	399

3. *Major asset subject to restrictions as at the end of the reporting period*

(Prepared under CASs)

As at 31 December 2021, the Group's asset subject to restriction was RMB70.057 billion, which mainly includes restricted monetary funds, bills receivable and related assets secured by borrowing. For details, please refer to the Note "the Principal Items in the Condensed Consolidated Financial Statements – Assets Subject to Restriction on Ownership or Right of Use" to the financial statements prepared under CASs.

4. *Other Information*

Not applicable

(V) Analysis of Industrial Business

Analysis of coal business

1. Coal business

For details of the major operations of the Group's coal business in 2021, please refer to the relevant contents in the section titled "Operations of each business segment".

2. Coal reserves

Major mining sites	Location	Main types of coal	China national standard (CNS)[1] Resource (Mt)	Proved reserve (Mt)	Reliable reserve (Mt)	JORC standard[2] In-situ resources (Mt)	Recoverable reserve (Mt)
Coal mines owned by the Company	Jining, Shandong	Thermal Coal	3,155	310	142	691	250
Coal mines owned by Heze Neng Hua	Heze city, Shandong	1/3 Coking coal	389	53	128	135	77
Coal mines owned by Shanxi Neng Hua	Heshun County, Shaanxi	Thermal Coal	106	35	15	26	12
Coal mines owned by Shaanxi Future Energy	Yulin, Shaanxi	Thermal Coal	1,655	825	226	988	515
Coal mines owned by Ordos Neng Hua	Ordos, Inner Mongolia	Thermal Coal	523	198	59	330	202
Coal mines owned by Haosheng Company	Ordos, Inner Mongolia	Thermal Coal	2,319	686	386	731	505
Coal mines owned by Inner Mongolia Mining[3]	Ordos, Inner Mongolia	Thermal Coal	6,699	994	162	1,518	1,150
Subtotal of domestic reserves	–	–	14,844	3,100	1,118	4,419	2,710
Coal mines owned by Yancoal Australia	Queensland and New South Wales	PCI, thermal coal, semi-soft coking coal, semi-hard coking coal	/	/	/	8,571	1,657
Coal mines owned by Yancoal International	Queensland and Western Australia	PCI, thermal coal	/	/	/	1,562	150
Subtotal of overseas reserves	–	–	/	/	/	10,133	1,807
Total	–	–	14,844	3,100	1,118	14,552	4,517

Notes:

① Based on the standard of Solid Mineral Resources/Reserves Classification (China National Standard GB/T 17766-2020), resource reserves refers to the quantity, grade or quality of the solid mineral resources that can be economically exploited after prospecting for mineral resources and general research are estimated according to geological information, geological knowledge and related technical requirements. Proven reserves refer to the reserves estimated on the basis of proven resources after a pre-feasibility study, feasibility study, or equivalent technical and economic evaluation. Reliable reserves refers to the reserves estimated based on the amount of controlled resources after a pre-feasibility study, feasibility study or equivalent technical and economic evaluation; or estimated reserves based on proven resources when some conversion factors are uncertain.

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

The In-situ Resources and Recoverable Reserves of coal are estimated in accordance with 100% equity and JORC Code 2012 as at 31 December 2021, of which, In-situ Resources and Recoverable Reserves from China domestic coal mines are based upon the competent person's report prepared by John T. Boyd Company in March 2022 and overseas In-situ Resources and Recoverable Reserves are based on the report prepared by competent persons appointed by overseas subsidiaries.

③ In addition to Yingpanhao Coal Mine, Inner Mongolia Mining holds the exploration rights of coal fields of Liusan Ge Dan and Galutu. Due to the ongoing exploration, there is no reserve data at present. The Group did not make assessment on the resources/reserves of the coal mines of Inner Mongolia Mining in accordance with the International standard (JORC).

④ The Group did not make assessment on the resources/reserves of the coal mines of Yancoal Australia and Yancoal International in accordance with China National Standard of Resource Reserve.

3. *Other explanations*

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

In 2021, the coal exploration expenditure of the Group was RMB25,421 thousand, mainly including optimization exploration expenditure in Moolarben Coal Mine of Yancoal Australia and exploration expenditure of Yancoal International; the capital expenditure for coal development and mining was RMB6.681billion, mainly including investment in fixed assets expenditure of existing mines and development and mining expenses of coal mines owned by Wanfu Coal Mine, Yancoal Australia and Yancoal International.

(2) Major mine construction project

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

No.	Project	Designed Capacity (10,000 t/a)	Investment Amount as at the End of the Reporting Period (RMB100 million)	Construction Progress
1	Wanfu Coal Mine	180	47.6	Production in 2024
	Total	180	47.6	–

(VI) Investment Analysis

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

Overall analysis on foreign equity investment

Not applicable.

1. *Significant equity investment*

Not applicable.

2. *Major non-equity investment*

Not applicable.

3. *Financial assets measured at fair value*

As at the end of the reporting period, the Group's financial assets measured at fair value and recorded in current profit and loss mainly include holding special income rights and equity investment in Middlemount Coal Mine. The initial investment costs is RMB1.989 billion and the balance as at the end of the reporting period is RMB1.665 billion. The liabilities mainly include interest rate swap agreements and non-contingent royalties, and the initial investment costs is RMB1.477 billion and the balance as at the end of the reporting period is RMB591 million.

As at the end of the reporting period, the Group's financial assets measured at fair value and recorded in other comprehensive income mainly include the equity instrument investment. The initial investment costs is RMB5.058 million, and the balance as at the end of the reporting period is RMB99.995 million.

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

4. *Merger and reorganization of material assets during the reporting period*

Not applicable.

(VII) Disposal of Material Assets and Equity

Not applicable.

(VIII) Analysis of Major Controlled Companies and Invested Companies

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

1. *Major controlled companies*

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

Unit: RMB million

Company Name	Registered Capital	31 December 2021 Total Asset	Net Asset	Net Profit for the Year 2021
Lunan Chemicals	5,041	14,147	9,150	3,239
Future Energy	5,400	26,577	16,772	5,751
Ordos Neng Hua	10,800	29,715	12,083	1,984
Yancoal Australia	AUD6,027 million	54,535	28,413	3,812

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

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

Lunan Chemicals

In 2021, Lunan Chemicals achieved a net profit of RMB3.239 billion and the net profit increased by RMB2.933 billion or 956.2% from RMB307 million in 2020, which is mainly due to the increase of main products price.

Future Energy

In 2021, Future Energy achieved a net profit of RMB5.751 billion and the net profit increased by RMB3.731 billion or 184.7% from RMB2.02 billion in 2020, which is mainly due to the increase of main products price.

Ordos Neng Hua

In 2021, Ordos Neng Hua achieved a net profit of RMB1.984 billion and the net profit increased by RMB1.136 billion or 134.0% from RMB848 million in 2020, which is mainly due to the increase of main products price.

Yancoal Australia

In 2021, Yancoal Australia achieved a net profit of RMB3.812 billion and the net loss of the same period of last year was RMB4.437 billion, which is mainly due to: ①the main products price increased; ② Yancoal Australia reconsolidated Watagan into its consolidated statement last year, resulting in a one-off non-cash loss of RMB6.844 billion. There was no such event in 2021.

For business information of Lunan Chemicals, Future Energy, Ordos Neng Hua and Yancoal Australia, please refer to the section "MAIN BUSINESS DURING THE REPORTING PERIOD" in this Chapter.

2. *Major companies invested*

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

3. *Operation of Yankuang Finance Company*

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

(1) *Governance of Yankuang Finance Company*

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

(2) *Risk management and internal control*

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

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

(3) Deposits and loans during the reporting period

Unit: RMB million

	31 December 2021	31 December 2020	Increase/ Decrease (%)
Deposit balance	**37,781**	21,273	77.60
Loan balance	**15,050**	14,026	7.30

(4) Major operational indicators during the reporting period

Unit: RMB million

Major operational indicators	**2021**	2020	Increase/ Decrease (%)
Operating revenue	**838**	595	40.88
Net profits	**336**	204	64.47

	31 December 2021	31 December 2020	Increase/ Decrease (%)
Net asset	**5,702**	3354	70.02
Total asset	**43,602**	25,513	70.90

(IX) Structures of Entities Controlled by the Company

Not applicable.

VI. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(Information in this section are prepared under CASs)

(I) Industry Pattern and Development Tendency

For details of the industry competition pattern and development tendency of the Company, please refer to the section "Chapter 3 Chairman's Statement".

(II) Development Strategy of the Company

As at the eighteenth meeting of the eighth session of the Board on 1 December 2021, the "Proposal on Discussion and Consideration of the Outline of the Development Strategy of the Company" was reviewed and approved.

Based on the current industrial layout, the Company has identifies five industrial sectors for development and they are mining, high-end chemical and new materials, new energy, high-end equipment manufacturing, and intelligent logistics. The main industrial development goals in the next 5-10 years are as follows:

1. Mining: The Company strives to reach a 300 Mt/a coal production in 5-10 years, and build over eight green intelligent mines with production capacity exceeding 10 Mts. On the basis of the existing non-coal mineral assets, the Company will further include emolybdenum, gold, copper, iron, potash and others into its business scope so as to achieve the transformation from the coal mining to multi-mineral development.

2. High-end chemical and new materials: Heading towards the goal of high-end, green and low carbon development, the Company will extend the existing chemical industry chain and build a R&D and production base for new chemical materials. In addition, the Company strives to achieve an annual output of 20 Mts chemicals in 5-10 years, of which new chemical materials and high-end chemicals account for more than 70%.

3. New energy: The Company will promote the development and construction of new energy projects such as the generation and storage of wind power and photovoltaic power and develop downstream industries such as hydrogen production in an orderly manner by tapping its industrial advantages of coal chemicals. The Company also strives to reach an installed capacity of more than 10 million kilowatts of new energy power generation in 5-10 years, and a hydrogen supply capacity of more than 100,000 tons/year.

4. High-end equipment manufacturing: On the basis of the existing equipment manufacturing industry, the Company focuses on the development of high-end coal machine manufacturing and other traditional advantageous products, expand business scope by manufacturing new energy equipment such as electric fan motors, and cultivate medium and high-end series products.

5. Intelligent logistics: The Company will strive to integrate products, users and third-party service providers with purpose of building a intelligent logistics system.

For details of the Group's development strategy, please refer to the announcement of the resolution of the Board of the Company on 15 December 2021. Such information is available on the website of the SSE, HKEX, the Company and/or the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily in the PRC.

(III) Operating Plan

For details of operating plan of the Group, please refer to the section "Chapter3 Chairman's Statement".

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

(IV) Capital Expenditure Plan

The Group's capital expenditure for the year 2022 is expected to be RMB16.442 billion, which is mainly sourced from the Group's self-owned funds, bank loans, bond issuance, etc.

The capital expenditure for the year 2021 and the estimated capital expenditure for the year 2022 of the Group (grouped by entity) are set out in the following table:

Unit: RMB'0,000

	2022 (Estimated)	2021	Main Items
The Company	**518,820**	264,432	Investment for the maintenance of simple reproduction, intelligent mine construction, coal stock, and environment governance.
Ordos Neng Hua	**96,547**	73,382	Investment for specialized railway construction project and olefins construction.
Yulin Neng Hua	**21,768**	184,958	Investment in phase II coal chemical DMMn project construction as well as investment in safety and environment protection.
Heze Neng Hua	**146,136**	87,342	Investment in Wanfu coal mine and CHPP project as well as high salt mine water treatment project.
Haosheng Company	**26,958**	61,997	Investment for maintenance of simple reproduction, safety, technical revamp and technology.
Donghua Heavy Industry	**42,496**	3,354	Investment in intelligent manufacturing park, maintenance of simple reproduction and technology.
Shanxi Neng Hua	**4,781**	4,374	Investment in mine safety.
Future Energy	**90,507**	66,114	Investment for CHPP construction, specialized railway construction project, maintenance of simple reproduction and technical revamp.
Lunan Chemicals	**160,535**	207,056	Investment in the caprolactin project construction, coal stock, and maintenance of simple reproduction, safety and technology.
Yancoal Australia	**308,907**	131,753	Expenditure for maintaining simple reproduction, safety, environmental protection and exploration.
Yancoal International	**147,191**	43,322	Investment in the construction project of Tai'an Port, Road, Rail and Canal Combined Transport Logistics Industrial Park, maintenance of simple reproduction, safety, and environment
Inner Mongolia Mining	**56,088**	68,292	Investment before obtaining the mining rights
Other Subsidiaries	**23,430**	2,579	Capital expenditure of other subsidiaries
Total	**1,644,164**	1,198,955	–

The capital expenditure for the year 2021 and the estimated capital expenditure for the year 2022 of the Group (grouped by fund application purpose) are set out in the following table:

Unit: RMB'0,000

	2022 (Estimated)	2021
Infrastructure Project	**612,997**	693,134
Coal mine infrastructure	**253,639**	261,785
Infrastructure for chemical projects	**146,158**	402,883
Infrastructure for logistics and warehouse	**165,976**	28,466
Infrastructure for machinery and equipment fabrication	**30,000**	–
Other infrastructures	**17,224**	–
Maintenance of simple reproduction	**907,475**	259,724
Safety production plan expenditure	**75,994**	72,529
Scientific and technological development plan	**17,115**	–
Technology revamp plan	**30,583**	173,567
Total	**1,644,164**	1,198,955

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

(V) Possible Risks

Risks arising from safety management

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

Counter measures: The Group will implement a dual-prevention safety management system and strengthen the comprehensive identification of risk and hazard factors to ensure that risks are controllable. Besides, the Group will scientifically formulate management plans for major disasters during the "14th Five-Year Plan" (2021-2025), prepare management plans with precision by making tailored policies for every individual mine and establish a comprehensive management and control system for the purpose of improving the efficiency and precision of major disasters management. While accelerating the innovation-oriented development through the integration of automation, intelligentization and informatization, the Group strives to promote the intelligent upgrading of mining and excavating systems and ensure that subsidiaries and personnel at all levels fully and efficiently perform their safety responsibilities and comprehensively improve their ability in performing responsibilities.

Risks arising from environmental protection

With China's environmental policy becoming much stricter and the whole society increasingly valuing environmental protection, the Group is facing more stringent environmental restrictions. China has made a solemn commitment to the world to achieve "carbon peaking and carbon neutrality", which brings significant impact on the operation and development of the Company's coal business.

Counter measures: The Group will strictly implement the requirements of environmental protection regulations, actively promote the upgrading of facilities and improve the operation and management of facilities to ensure that pollutants are discharged in accordance with the standards. The Group will also implement strategic transformation, actively promote the transformation of traditional industries, boost the development of new industries, and follow the path of green and low-carbon development. In addition, the Group will promote the efficient and clean utilization of coal and maintain the coal's dominant role in the energy structure.

Risks arising from exchange rate

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

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

Risks arising from geopolitics

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

Counter measures: First, the Group should pay close attention to the international trends, strengthen the analysis of political and economic developments in regions where the Group runs its business, timely identify and foresee the geopolitical risks for its overseas businesses, and formulate coping strategies. Second, the Group will continue to adhere to the localization strategy, comply with the local laws and regulations and actively integrate into the local economic and social development.

(VI) Others

1. The impact of exchange rate changes

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

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

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

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

Affected by the fluctuations in foreign exchange rates, the Group had exchange gain of RMB444 million during the reporting period.

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

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

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

2. Taxation

In 2021, save as some domestic subsidiaries of the Company incorporated in the PRC that are subject to an income tax rate of 15% on their taxable profits under preferential income tax policy, the Company and the other subsidiaries incorporated in the PRC are subject to an income tax rate of 25% on their taxable profits. Yancoal Australia and Yancoal International are subject to a tax rate of 30% and 16.5%, respectively, on their taxable profits.

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

3. *Employees' Pension Scheme*

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

4. *Reserves*

Please refer to Note "Shareholders' Equity" to the consolidated financial statements prepared in accordance with the IFRS for the changes of reserves during the year and the distributable reserves as of December 31, 2021.

5. *Donation*

The Group made donations in an aggregate amount of RMB25,835 thousand in 2021.

6. *Environmental policy and performance*

Please refer to the section headed "Social Responsibility" and "Environmental Information" under "Chapter 6 Environment and Social Responsibilities".

7. *Compliance with laws, regulations and rules*

The Company is aware of the importance of complying with the requirements of laws, regulations and rules and has established a well-developed system to ensure continuous compliance with the applicable laws, regulations and rules. During the reporting period, the Company has complied with the applicable laws, regulations and rules in all material matters, which include, but are not limited to, the Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and other laws and regulations that are significant or have an impact on the Company's operations in its principal business. As a listed company on the SSE and the HKEX, the Company also complied with the listing rules and applicable laws, regulations and rules of the places of listing during the reporting period.

8. *Significant Events after the reporting period*

Please refer to the section "Other significant matters that have a significant impact on investors' value judgments and investment decisions" under Chapter 7 Significant Events.

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

Not applicable

I. RELATED INFORMATION ON CORPORATE GOVERNANCE

The Company has closely monitored the securities market standards and rule of law, and actively improved its corporate governance structure. During the reporting period, the Company further improved its corporate governance structure. In accordance with the spirit of the "Notice of Shandong Administration for Market Regulation on the Full Implementation of the Standardized Registration of Business Scope of Market Entities" (Lu Shi Jian Zhu Zi [2020] No. 212), and in conjunction with the fact that "Yankuang Group Co., Ltd.", which is the promoter and controlling shareholder of the Company, has been renamed as "Shandong Energy Co., Ltd." and "Yanzhou Coal Mining Company Limited" has been renamed as "Yankuang Energy Group Company Limited", certain adjustments have been made by the Company. First, the relevant items in business scope were adjusted and the relevant expressions in the Articles of Association were generally standardized; Second, the basic information related to the name and domicile of the controlling shareholders was updated in the Articles of Association; Third, the Chinese and English names of the Company were updated in the Articles of Association.

Please clarify whether there are significant differences between corporate governance of the Company and the provisions of laws, administrative regulations and the requirements in relevant documents detailed by the CSRC; If any, the reason should be stated:

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

II. CONCRETE MEASURES TAKEN BY THE COMPANY'S CONTROLLING SHAREHOLDER AND THE ACTUAL CONTROLLER IN ENSURING THE INDEPENDENCE OF THE COMPANY IN ASSETS, PERSONNEL, FINANCE, BUSINESS AND OTHER ASPECTS; SOLUTIONS, WORK PROGRESS AND FOLLOW-UP WORK PLANS TO OFFSET THE IMPACT ON THE INDEPENDENCE OF THE COMPANY.

Shandong Energy undertakes to ensure the independence of Yankuang Energy Group and to fully respect Yankuang Energy's operational autonomy.

The controlling shareholder, the actual controller and other units controlled by them are engaged in the same or similar business as the Company; The impact of intra-industry competition on the Company or the impact of its significant changes on the Company as well as the measures taken to solve the problems, its progress and the follow-up plan.

Shandong Energy will continue to fulfill its commitment to resolve intra-industry competition and take various effective measures to avoid intra-industry competition with the Group.

III. SHAREHOLDERS' GENERAL MEETING DURING THE REPORTING PERIOD

Session and Number of Meeting	Date of Meeting	Designated Websites on which Resolutions Posted	Date of Resolution Disclosed	Resolutions
The 2021 First Extraordinary General Meeting of Shareholders	5 February 2021	The website of Shanghai Stock Exchange (http://www.sse.com.cn)	5 February 2021	All proposals approved
The 2020 Annual General Meeting	18 June 2021	The website of Hong Kong Stock Exchange (http://www.hkexnews.hk) The Company's website (http://www.yanzhoucoal.com.cn)	18 June 2021	All proposals approved
The 2021 First Class Meeting of the Holders of A Shares	18 June 2021		18 June 2021	All proposals approved
The 2021 First Class Meeting of the Holders of H Shares	18 June 2021		18 June 2021	All proposals approved
The 2021 Second Extraordinary General Meeting of Shareholders	20 August 2021		20 August 2021	All proposals approved
The 2021 Third Extraordinary General Meeting of Shareholders	1 December 2021		1 December 2021	All proposals approved

Note: The dates of resolutions disclosed are the same dates set out in the resolution notice.

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

Not applicable.

The Explanation on General Meeting of Shareholders

Not applicable.

IV. INFORMATION ON DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

(I) Changes in Shareholdings and Remuneration of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period

Unit: Shares

Name	Title	Gender	Age	Starting Date of Term of Office	Ending Date of Term of Office	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/ decrease of shareholding during the reporting period	Reasons for increase/ decrease	Total Remuneration Before Tax received from the Company during the reporting period (RMB0'000)	Whether Remuneration was received from related parties of the Company
Li Wei	Director, Chairman	Male	55	20 August 2021	19 June 2023	10,000	10,000	0	–	0	Yes
Liu Jian	Director	Male	53	24 May 2019	19 June 2023	0	85,800	85,800	Exercise option	124.74	Yes
	General Manager (Resigned)			22 April 2020	20 February 2021						
Xiao Yaomeng	Director	Male	49	20 August 2021	19 June 2023	0	49,500	49,500	Exercise option	115.55	No
	General Manager			30 July 2021	19 June 2023						
	Vice General Manager (Resigned)			22 April 2020	30 July 2021						
Zhu Qingrui	Director	Male	56	20 August 2021	19 June 2023	0	0	0	–	17.72	Yes
Zhao Qingchun	Director	Male	54	3 June 2016	19 June 2023	0	85,800	85,800	Exercise option	107.99	No
	CFO			6 January 2016	19 June 2023						No
Wang Ruolin	Employee Director	Male	54	17 June 2020	19 June 2023	0	49,500	49,500	Exercise option	100.55	No
Huang Xiaolong	Director	Male	44	20 August 2021	19 June 2023	0	0	0	–	38.59	No
	Secretary of the Board			30 July 2021	19 June 2023						No
Tian Hui	Independent Director	Male	70	19 June 2020	19 June 2023	0	0	0	–	15	No
Zhu Limin	Independent Director	Male	70	19 June 2020	19 June 2023	0	0	0	–	15	No
Cai Chang	Independent Director	Male	50	27 November 2017	19 June 2023	0	0	0	–	15	No
Poon Chiu Kwok	Independent Director	Male	59	29 June 2017	19 June 2023	0	0	0	–	15	No
Li Shipeng	Supervisor	Male	44	19 June 2020	19 June 2023	0	0	0	–	0	Yes
	Vice Chairman of the Supervisory Committee			20 August 2021	19 June 2023						
Zhu Hao	Supervisor	Male	50	20 August 2021	19 June 2023	0	0	0	–	0	Yes
Qin Yanpo	Supervisor	Male	46	19 June 2020	19 June 2023	0	0	0	–	0	Yes
Su Li	Employee Supervisor	Male	49	17 June 2020	19 June 2023	0	0	0	–	100.88	No
Deng Hui	Employee Supervisor	Male	49	30 November 2021	19 June 2023	0	0	0	–	75.95	No
Gong Zhijie	Vice General Manager	Male	56	27 December 2018	19 June 2023	0	85,800	85,800	Exercise option	116.54	No
Zhang Yanwei	Vice General Manager	Male	49	30 July 2021	19 June 2023	0	0	0	–	18.79	No
Zhang Chuanchang	Vice General Manager	Male	53	22 April 2020	19 June 2023	0	0	0	–	102.36	No
Tian Zhaohua	Vice General Manager	Male	55	9 December 2020	19 June 2023	0	49,500	49,500	Exercise option	59.01	No

Name	Title	Gender	Age	Starting Date of Term of Office	Ending Date of Term of Office	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/ decrease of shareholding during the reporting period	Reasons for increase/ decrease	Total Remuneration Before Tax received from the Company during the reporting period (RMB0'000)	Whether Remuneration was received from related parties of the Company
Liu Qiang	Vice General Manager	Male	49	29 September 2021	19 June 2023	0	0	0	–	105.78	No
Li Weiqing	Vice General Manager	Male	51	1 December 2021	19 June 2023	0	49,500	49,500	Exercise option	94.13	No
Ma Junpeng	Chief Engineer	Male	49	30 March 2022	19 June 2023	0	3,000	3,000	Exercise option	65.34	No
Zhang Lei	Chief Investment Officer	Male	50	27 March 2020	19 June 2023	0	0	0	–	226.48	No
Li Xiyong	Director, Chairman (Resigned)	Male	–	9 September 2013	10 April 2021	10,000	10,000	0	–	0	Yes
Wu Xiangqian	Director (Resigned)	Male	56	14 May 2014	20 August 2021	10,000	162,600	152,600	Exercise option/ shareholding increase	0	Yes
He Jing	Director (Resigned) Vice General Manager (Resigned)	Male	51	19 June 2020 29 June 2017	20 August 2021 20 February 2021	0	85,800	85,800	Exercise option	101.07	Yes
Gu Shisheng	Supervisor (Resigned) Chairman of the Supervisory Committee (Resigned)	Male	57	14 May 2014 29 June 2017	20 August 2021 20 August 2021	12,800	12,800	0	–	0	Yes
Zhou Hong	Supervisor, Vice Chairman of the Supervisory Committee (Resigned) Chairman of the Supervisory Committee (Resigned)	Male	51	29 June 2017 20 August 2021	20 August 2021 25 January 2022	0	0	0	–	0	Yes
Zheng Kai	Employee Supervisor (Resigned)	Male	52	25 December 2018	30 November 2021	0	0	0	–	80.65	No
Wang Peng	Vice General Manager (Resigned)	Male	50	22 April 2020	9 August 2021	0	49,500	49,500	Exercise option	74.67	Yes
Li Wei	Vice General Manager (Resigned)	Male	50	30 December 2019	30 July 2021	0	53,300	53,300	Exercise option/ shareholding increase	90.94	Yes
Wang Chunyao	Chief Engineer (Resigned)	Male	54	22 April 2020	21 November 2021	0	49,500	49,500	Exercise option	102.58	Yes
Jin Qingbin	Secretary of the Board (Resigned)	Male	44	29 March 2016	30 July 2021	0	85,800	85,800	Exercise option	79.21	No
		/	/	/	/	42,800	977,700	934,900	/	2,059.74	/

Notes:

① Mr. Li Wei, the Chairman of the Company, shares the same name with the resigned vice general manger Mr. Li Wei, but they are not the same person.

② As at the end of the reporting period, the current and the resigned directors, Supervisors and senior management of the Company held a total of 977,700 A shares, representing approximately 0.0201% over the total share capital of the Company. All the interests disclosed above represent holdings of long-position shares of the Company.

③ As of the disclosure date of this report, some directors and senior management of the Company have changed their shareholdings due to the share incentive. For details, please refer to the relevant contents of this section on equity incentives.

④ For personal reasons, Mr. Tian Hui made the application on 29 March 2022 to resign from his position as the independent Director as well as his positions at the Audit Committee, Nomination Committee as well as the Sustainable Development Committee. In accordance with relevant regulations, Mr. Tian Hui continues to perform his duties. For detailed information, please refer to the section headed "Changes in Directors, Supervisors and Senior Management of the Company".

Name	**Main Work Experience**
Li Wei	Born in September 1966, Mr. Li Wei is a research fellow in engineering technology applications and holds a doctoral degree in engineering. Currently, Mr. Li Wei serves as the Chairman of the Company, the Secretary of the CPC Shandong Energy Committee and Chairman of Shandong Energy. Mr. Li Wei joined the predecessor company in 1988, took office as the vice general manager of Baodian coal mine of the former Yankuang Group in December 1996 and was appointed as the director of Restructuring Division of Strategic Resource Development Department of Yankuang Group in May 2002. In September 2002, he was appointed as the secretary of the CPC Xilin Neng Hua Committee, chairman and general manager of Xilin Neng Hua Co., Ltd. Mr. Li Wei started to preside over works at Baodian Coal Mine in March 2004 and later became the deputy secretary of the CPC Baodian Coal Mine Committee and the general manager in September 2004. He became the deputy secretary of the CPC Nantun Coal Mine Committee and the general manager of Nantun Coal Mine, deputy chief engineer and deputy director of the Safety Supervision Bureau of Yankuang Group in August 2007 and August 2009 successively. Mr. Li Wei took positions as the vice general manager and director of the Safety Supervision Bureau of Yankuang Group in April 2010, and was employed as deputy secretary of the CPC Yankuang Committee, director and general manager of Yankuang Group in May 2015. He was promoted as the vice chairman of the Board of the Company in June 2016, the deputy secretary of the CPC Hualu Holdings Committee, director and general manager of Hualu Holdings Co., Ltd in August 2020 and the secretary of the CPC Shandong Energy Committee and the Chairman of Shandong Energy in June 2021. In August 2021, Mr. Li Wei took the position as the chairman of the Company. Mr. Li Wei graduated from University of Science and Technology Beijing.

Name	Main Work Experience
Liu Jian	Born in February 1969, Mr. Liu Jian is not only a research fellow in applied engineering technology with a master's degree in engineering, but also the Director, the Vice General Manager and a member of the Standing Committee of CPC Shandong Energy Committee. Mr. Liu joined the Company's predecessor in 1992 and was appointed as the Vice Manager of Dongtan Coal Mine of the Company in 2009. He was appointed as the General Manager of Jining No.3 Coal Mine and the General Manager of Dongtan Coal Mine of the Company in 2014 and in January 2016, respectively. In December 2016, he was appointed as the Vice General Manager of the Company. In May 2019, he was appointed as the Director of the Company. In April 2020, he was appointed as the General Manager and the Secretary of the CPC committee of the Company. In February 2021, Mr. Liu Jian took positions as the Vice General Manager and the Secretary of the CPC Shandong Energy Committee. Mr. Liu graduated from Shandong University of Science and Technology.
Xiao Yaomeng	Born in March 1972, Mr. Xiao Yaomeng is a research fellow in applied engineering technology with a master degree of engineering. Currently, Mr. Xiao Yaomeng serves as the secretary of the CPC Yankuang Energy Committee, Director and General Manager of the Company. Mr. Xiao Yaomeng joined the Company's predecessor in 1994 and was appointed as the director of the Safety Inspection Department of Dongtan Coal Mine of the Company in 2013, and the chairman and the general manager of Guizhou Wulunshan Coal Mining Company Limited in 2014. In 2016, he was appointed as the vice general manager of Yankuang Guizhou Neng Hua Company Limited and chairman of Guizhou Wulunshan Coal Mining Company Limited. In July 2018, he was appointed as the general manager of Jining No. 3 Coal Mine of the Company. In April 2020, he was appointed as the vice general manager of the Company. In July 2021, he took office as the Secretary of the CPC Yankuang Energy Committee and the General Manager of the Company. Mr. Xiao Yaomeng became the director of the Company in August 2021. Mr. Xiao Yaomeng graduated from China University of Mining and Technology.

Name	Main Work Experience
Zhu Qingrui	Born in February 1966, Mr. Zhu Qingrui is a research fellow in applied engineering technology with a PhD degree in engineering. Currently, he serves as the director of the Company, and the General Manager Assistant of Shandong Energy. Mr. Zhu joined Lunan Chemical Fertilizer Factory in 1990 and became the deputy chief engineer of Yankuang Cathay Coal Chemical in 2003. In 2007, he was promoted as the chief engineer of Yankuang Cathay Coal Chemical. He took office as the vice general manager and director of chemical project preparation office of Ordos Neng Hua in 2009 and later in 2013, while remaining as the vice general manager of Ordos Neng Hua, Mr. Zhu also served as the deputy secretary of the CPC Rongxin Chemical committee, executive director and general manager of Rongxin Chemical. In 2014, he remained as the vice general manager of Ordos Neng Hua and was promoted as secretary of the CPC Rongxin Chemical committee, executive director and general manager of Rongxin Chemical. Mr. Zhu was the deputy secretary of CPC Yankuang Coal Chemical Engineering Committee and the director and general manager of Yankuang Coal Chemical Engineering in 2015. In 2016, Mr. Zhu took office as the deputy secretary of CPC Yankuang Chemical Committee and the director and general manager of Yankuang Chemical Company Limited. Later in 2018, Mr. Zhu served as the secretary of the CPC Future Energy Committee and the director and general manager of Future Energy. As of 2020, Mr. Zhu became the general manager assistant of Shandong Energy, and took positions as the secretary of the CPC Future Energy Committee and the director and general manager of Future Energy. In August 2021, Mr. Zhu became the director of the Company. Mr. Zhu graduated from East China University of Science and Technology.
Zhao Qingchun	Born in March 1968, Mr. Zhao Qingchun is a senior accountant with an EMBA degree. Currently, he serves as the Director and CFO of the Company. Mr. Zhao joined the Company's predecessor in 1989 and was appointed as the chief accountant of Finance Department in 2002 and Director of the Planning and Finance Department of the Company in 2006. In March 2011, he was appointed as the vice chief financial officer and the Director of the Finance Department of the Company. In March 2014, Mr. Zhao was appointed the General Manager Assistant and the director of the Finance Management Department of the Company. In January 2016, he was appointed as the CFO of the Company. And he was appointed as the Director of the Company in June 2016. Mr. Zhao graduated from Nankai University.

Name	Main Work Experience
Wang Ruolin	Born in July 1967, Mr. Wang Ruolin is identified as a professor-level senior administrative officer and holds a Bachelor's degree in Arts. Now, he serves as the Employee Director, Deputy Secretary of the CPC Yankuang Energy committee and Chairman of the Labor Union of the Company. Mr. Wang joined the predecessor of the Company in 1990, and was appointed as the deputy-director-level manager and the vice director of CPC Committee Publicity Department of Yankuang Energy in February 2003 and January 2008 successively. In March 2014 and July 2014, he was appointed as the deputy secretary of CPC committee and the secretary of the CPC committee of Methanol Plant of Yulin Neng Hua of the Company successively. In October 2017, he assumed the position as the secretary of the CPC committee and the vice general manager of Dongtan Coal Mine of the Company. In March 2020, he was appointed as the Deputy Secretary of the CPC Yankuang Energy committee and the Chairman of the Labor Union of the Company. And he was appointed as the Employee Director of the Company in June 2020. Mr. Wang graduated from Qufu Normal University.
Huang Xiaolong	Born in November 1977, Mr. Huang is not only a Senior Economist, a Master of Laws, but also the Director and Secretary of the Board of the Company. Mr. Huang joined the predecessor of the Company in 1999 and became the securities affairs representative of the Company in 2006. In 2008 and 2012, he took office as the deputy-director-level secretary of the Board Secretariat of the Company and the deputy director of the Board Secretariat successively. He served as the director of the former Shandong Energy Equity Reform and Restructuring Office in 2013, the director and vice general manager of Dongguan Haichang Industrial Company Limited in 2016, and a standing director of the Department of the Board Secretariat of Shandong Energy in August 2020. In July 2021 and August 2021, he became the Secretary of the Board of the Company and a Director of the Company successively. Mr. Huang graduated from the University of International Business and Economics.
Tian Hui	Born in August 1951, Mr. Tian Hui has multiple identities as the doctoral Supervisor, professor-level senior engineer, National Engineering Survey and Design Master and enjoys the special allowance of the State Council. Mr. Tian is also the Vice Director of China Coal Industry Committee of Technology ("CICT") and the Company's independent director. Mr. Tian has assumed the positions as the vice director and the vice president of former Shenyang Engineering Institute of Ministry of Coal, the President and the party secretary of China Coal International Engineering Design and Research Institute, the party secretary and the Vice Chairman of China Coal Technology & Engineering Group, and the Vice President of China National Coal Association, successively. In June 2020, he became an independent director of the Company. Mr. Tian graduated from China University of Mining and Technology.

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

Name	Main Work Experience
Poon Chiu Kwok	Born in April 1962, Mr. Poon Chiu Kwok holds multiple identities as a graduate of laws, a bachelor of laws and a bachelor of business, a master of international accounting, FCPA Australia, a senior member of Hong Kong Institute of Chartered Secretaries and a member of its consulting group, the audit committee, the China focus group, a senior member of the Chartered Corporate Governance Institute (formerly Institute of Chartered Secretaries and Administrators), a senior member and invited tutor of the Hong Kong Securities and Investment Association, and serves as an Independent Director of the Company. Mr. Poon currently is the executive Director, Vice president and the Company Secretary of Huabao International Holdings Limited. Mr. Poon has worked for investment banks for many years and is experienced in listed company governance, financing and management. Now he also acts as an Independent Director of companies listed in the HKEX including Sunac China Holdings Limited, SANY Heavy Equipment International Holdings Limited, AUX International Holdings Limited, Chongqing Changan Minsheng APLL Logistics Co., Ltd., Green Town Service Group Co., Ltd., Yuanda China Holdings Limited, Jinchuan Group International Resource Co. Ltd, Honghua Group Co., Ltd and etc. Mr. Poon was appointed as an independent Director of the Company in June 2017. He graduated from University of London UK.
Li Shipeng	Born in February 1978, Mr. Li is a Senior Accountant and a Master of Engineering. Now he serves as a Supervisor of the Company and the director of the Finance Management Department of Shandong Energy. Mr. Li joined the Company in 2000, and was appointed as the chief accountant, the vice director and the director of Finance Management Department of Yankuang Group in November 2017 and January 2020 successively. In July 2020, he was appointed as the director of the Finance Management Department of Shandong Energy. He was appointed as a Supervisor of the Company in June 2020. He became the vice chairman of the supervisory committee of the Company. Mr. Li graduated from China University of Petroleum.
Zhu Hao	Born in October 1971, Mr. Zhu is a senior economist, who also serves as a Supervisor of the Company and the director of the Operational Management Department of Shandong Energy. Mr. Zhu was appointed as the chief economist of Suncun Coal Mine of Xinwen Mining Group Co., Ltd. in 2001, and served as the chief economist and a member of the CPC Suncun Coal Mine committee in 2007. He took the position as deputy director of the Operational Management Department of Xinwen Mining Group in 2010 and was promoted as the director in 2012 while serving as the head of the Inspection Office. In 2014, Mr. Zhu was the deputy director of the Performance Operation Department of the former Shandong Energy and he became the director of Economic Operation Department, director of Operational Management Department of the former Shandong Energy in 2017 and in August 2020 successively. Mr. Zhu started to serve as the Supervisor of the Company in August 2021. Mr. Zhu graduated from Shandong University.

Name	Main Work Experience
Qin Yanpo	Born in February 1975, Mr. Qin is a Senior Accountant and holds a master's degree. Now he is a Supervisor of the Company, Director and CFO of Shandong Energy Luxi Mining Co., Ltd. Mr. Qin joined the predecessor of the Company in 1996 and was appointed as the director the Finance Management Department of Ordos Neng Hua in September 2014. He was successively appointed as the Chief Financial Officer and Chief Legal Consultant in November 2016, and the Director, Chief Financial Officer and Chief Legal Consultant of Ordos Neng Hua in January 2019. In July 2020, he was appointed as the director of the Audit and Risks Department of Shandong Energy. He took office as Director and CFO of Shandong Energy Luxi Mining Co., Ltd. in November 2021 and became a Supervisor of the Company in June 2020. Mr. Qin graduated from Northwest Polytechnical University.
Su Li	Born in July 1972, Mr. Su is a professor-level senior administrative officer, a senior economist with a master degree, and currently serves as an Employee Supervisor and the secretary of the Discipline Inspection Commission of the Company. Mr. Su joined the Company's predecessor in 1996 and served as the deputy director of the general Administrative office of Yankuang Group in October 2008. He was appointed as the director of Human Resource Division of Yankuang Donghua Group in June 2012. In March 2014, he was appointed as the director of the Human Resource Department of the Company. In January 2016, Mr. Su was appointed as the assistant general manager and served as the director of Human Resource Department of the Company. He was appointed as the assistant general manager and the director of the Organization Department of the Party Committee (Human Resource Department) of the Company in June 2016, and the secretary of the Discipline Inspection Commission of the Company in March 2020, and an Employee Supervisor of the Company in June 2020. Mr. Su Li graduated from China University of Mining and Technology.
Deng Hui	Born in April 1972, currently, Mr. Deng is a Employee Supervisor and vice president of the Labor Union of the Company. Mr. Deng Hui joined the predecessor company in July 1994, and was appointed as the head of the Comprehensive Management Department of Future Energy Chemicals Co., Ltd in October 2014. In June 2016, he worked as a member of the CPC Future Energy Committee and the secretary of the Discipline Inspection Committee of the Coal-to-Oil Branch of Future Energy Chemicals Co., Ltd. He took positions as the deputy secretary of the CPC Yankuang committee, secretary of the Discipline Inspection Committee and Chairman of the Labor Union of the Railroad Transportation Division of the Company in October 2017, and the deputy secretary of the CPC Yangcun Coal Mine Committee, secretary of the Discipline Inspection Committee and Chairman of the Labor Union of Yangcun Coal Mine in December 2018. In October 2021, he became the Vice President of the Labor Union. Mr. Deng took office as the Employee Supervisor in November 2021. Mr. Deng Hui graduated from China University of Mining and Technology with a master's degree.

Name	Main Work Experience
Gong Zhijie	Born in December 1965, Mr. Gong is a research fellow in applied engineering technology with a master's degree in engineering and serves as the Vice General Manager of the Company. Mr. Gong joined the Company's predecessor in 1985 and served as the vice manager of Xinglongzhuang Coal Mine of the Company in 2003. He served as the general manager of Xinglongzhuang Coal Mine in 2014 and the Manager of Jining No.3 Coal Mine of the Company in 2015 successively. In 2018, he assumed the position as the Chief Safety Officer of the Company. He was appointed as the Vice General Manager of the Company in December 2018. Mr. Gong graduated from the China University of Mining and Technology.
Zhang Yanwei	Born in February 1973, Mr. Zhang is a research fellow of engineering technology application. Mr. Zhang holds a master's degree in engineering and takes the position of Vice General Manager of the Company. Mr. Zhang joined Zaozhuang Mining Bureau in 1993, and was appointed the chief engineer of Longkou Liuhai Mining Company of Zaozhuang Mining Group Co., Ltd in 2005 and the deputy director of the Production Technology Department of Zaozhuang Mining Group Co., Ltd in 2011. He became the member of the CPC Fucun Coal Mining Committee and vice production manager of Fucun Coal Mining Limited, which is affiliated to Zaozhuang Ming Group Co., Ltd in 2014, and the member of the CPC Fucn Coal Mining Committee, executive director and manager of Fucun Coal Mining Company Limited in 2015. In 2016, he took the positions of the deputy secretary of the CPC Fucun Coal Mining Committee, the executive director and manager. In 2017, he was the member of the CPC Xinan Coal Mining Committee, the Executive Director and Manager of Xinan Coal Mining Company Limited. Mr. Zhang became the Vice General Manager of Zaozhuang Mining Group Co., Ltd in 2018 and started to serve as the Deputy Secretary of the CPC Zaozhuang Mining Committee, Director and General Manager of Zaozhuang Mining Group Co., Ltd in April 2020. In July 2021, Mr, Zhang took office of the Vice General Manager of the Company. He graduated from Shandong University of Science and Technology.
Zhang Chuanchang	Born in October 1968, Mr. Zhang is not only a research fellow in applied engineering technology and a master of engineering, but also the vice general manager of the Company. Mr. Zhang joined the Company's predecessor in 1990. He was appointed as the vice manager of Yushuwan Coal Mine and the manager of Jinjitan Coal Mine of Future Energy Chemical Company Limited in 2006 and 2014, respectively. In May 2018, he was appointed as the vice general manager of Future Energy Chemical Company Limited and the manager of Jinjitan Coal Mine of Future Energy Chemical Company Limited. In April 2020, he served as the vice general manager of the Company, chairman and general manager of Ordos Neng Hua Company Limited and the director and chairman of Inner Mongolia Haosheng Coal Mining Co., Ltd. Mr. Zhang graduated from Shandong University of Science and Technology.

Name	Main Work Experience
Tian Zhaohua	Born in September 1966, Tian Zhaohua is a professor-level senior administrative officer, with the postgraduate degree. He joined the predecessor of the Company in 1984. In June 2002, he served as the secretary of the CPC General Branch of the Jining No.3 Coal Mine Coal Preparation Plant of Yankuang Energy. In April 2008, he was promoted as the director of the Jining No.3 Coal Mine Coal Preparation Plant of the Company. In December 2012, he served as the deputy secretary of the CPC Committee, the secretary of the Discipline Inspection Committee, and the chairman of the Labor Union of the Company's Xinglongzhuang Coal Mine. In December 2014, he became a member of the Standing Committee of the CPC Xinglongzhuang Coal Mine Committee, and the vice general manager of Xinglongzhuang Coal Mine. In May 2015, he took office as CPC Jinjitan Coal Mine Committee of Future Energy Chemical Co., Ltd. In November 2017, he served as the secretary of CPC Committee and the deputy director of the Methanol Plant of the Company's Yulin Neng Hua Company Limited. In September 2018, he became the director of the Mining Area Relocation Office of the Company. In December 2019, he doubled as the deputy chief economist and the director of the Mining Area Relocation Office. In December 2020, he took the posts as the vice general manager of Yankuang Energy and the Director of the Mining Area Relocation Office. He graduated from the Party School of the CPC Shandong Province Committee.
Liu Qiang	Liu Qiang, born in October 1972, is a researcher of engineering technology application, with a master degree in engineering. In October 2008, Mr. Liu was appointed as the vice general manager of Yankuang Cathay Coal Chemical Co., Ltd. In May 2012, he served as the vice general manager of Yankuang Lunan Chemicals Co., Ltd. ("Lunan Chemicals"). In March 2014, he was promoted as the executive director, general manager of Yankuang Coal Chemical Engineering Co., Ltd. and the secretary of CPC Yankuang Coal Chemical Engineering Committee. Mr. Liu was appointed as the general manager of Lunan Chemicals and the deputy secretary of CPC Lunan Chemicals Committee in April 2016. And in May 2017, Mr. Liu got promoted as the chairman and the general manager of Lunan Chemicals and the secretary of CPC Lunan Chemicals Committee. Mr. Liu was the vice general manager of Yankuang Chemical Company Limited, the chairman of Lunan Chemicals and the secretary of CPC Lunan Chemicals Committee in September 2019. He was appointed as vice general manager of the Company in September 2021. He graduated from East China University of Science an Technology and Zhejiang University.

Name	Main Work Experience
Li Weiqing	Li Weiqing, born in February 1971, is a researcher of engineering technology application. Mr. Li previously studied at China University of Mining and Technology where he graduated with a master degree in engineering. Mr. Li was appointed as the vice general manager of Dongtan Coal Mine of Yanzhou Coal in September 2009. He served as the general manager of Jining No.2 Coal Mine and the deputy secretary of the CPC Jining No.2 Coal Mine Committee since January 2016. Mr. Li took office of Heze Neng Hua and became the chairman, general manager and deputy secretary of CPC Heze Neng Hua Committee in June 2019. Meanwhile, he was also the general manager of Zhaolou Coal Mine and the deputy secretary of the CPC Zhaolou Coal Mine Committee. In May 2020, he was appointed as the chairman and general manager of Heze Neng Hua and the secretary of the CPC Heze Neng Hua Committee. He also was appointed as the general manager of Zhaolou Coal Mine and the secretary of the CPC Zhaolou Coal Mine Committee. In January 2021, Mr. Li served as the director, the general manager of Ordos Neng Hua and became the secretary of the CPC Ordos Neng Hua Committee. In October 2021, he became the Chairman of Ordos Neng Hua and Inner Mongolia Mining. In December 2021, he took the position of vice general manager of the Company. He graduated from China University of Mining and Technology with a master's degree in engineering.
Ma Junpeng	Born in March 1973, Mr. Ma Junpeng is a research fellow in applied engineering technology with a master's degree in engineering and serves as the chief engineer of the Company. Mr. Ma was appointed as the chief engineer of Xinglongzhuang Coal Mine of the Company in August 2013, the vice manager and the chief engineer of Xinglongzhuang Coal Mine of the Company in December 2016 and the deputy secretary of the CPC Xinglongzhuang Coal Mine Committee and the general manager of Xinglongzhuang Coal Mine of the Company in January 2017. In May 2021, Mr. Ma took position as the deputy secretary of the CPC Nantun Coal Mine Committee and the general manager of Nantun Coal Mine of the Company. Mr. Ma started to serve as the chief engineer of the Company in March 2022. Mr. Ma graduated from China University of Mining and Technology.

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

Other explanation.

Not applicable.

(II) Positions of Current and Resigned Directors, Supervisors and Senior Management during the Reporting Period

1. Positions at the shareholding company

Name	The shareholding company	Title and positions	Beginning date of office term
Li Wei	Shandong Energy	Secretary of the CPC Shandong Energy Committee and Chairman of Shandong Energy	29 June 2021
Liu Jian	Shandong Energy	Member of the Standing Committee of the CPC Shandong Energy Committee and Vice General Manager	2 February 2021
Wu Xiangqian	Shandong Energy	Chief Safety Officer	14 December 2021
He Jing	Shandong Energy	Secretary of the CPC Shandong Energy Marketing and Trade Committee and Chairman of Shandong Energy Marketing and Trade	21 January 2022

Name	The shareholding company	Title and positions	Beginning date of office term
Zhu Qingrui	Shandong Energy	The General Manager Assistant	5 August 2020
Li Shipeng	Shandong Energy	Director of the Finance Management Department	15 August 2020
Zhu Hao	Shandong Energy	Director of the Operation Management Department	15 August 2020
Qin Yanpo	Shandong Energy	Director and CFO of Shandong Energy Luxi Mining Co., Ltd	21 November 2021
Wang Peng	Shandong Energy	Deputy Secretary of the CPC Linyi Mining Committee and General Manager of Linyi Mining Group	1 August 2021
Li Wei	Shandong Energy	Secretary of the CPC Shandong Energy New Energy Committee, and General Manager of Shandong Energy New Energy Co., Ltd	1 August 2021
Wang Chunyao	Shandong Energy	Vice General Manager of Shandong Energy Luxi Mining Co., Ltd	13 December 2021
Explanation on their incumbency at the shareholding company	No		

Note: Mr. Li Wei, the Chairman of the Company share the same name with the resigned vice general manager Mr. Li Wei, but they are not the same person.

2. *Positions at other entities*

Name	Name of other entities	Title and positions	Beginning date of office term
Liu Jian	Yanmei Heze Neng Hua Co., Ltd	Director	15 March 2017
	Yancoal International (Holding) Co., Ltd.	Director	28 May 2018
Xiao Yaomeng	Yankuang Donghua Heavy Industry Co., Ltd.	Executive director	19 September 2020
Zhao Qingchun	Inner Mongolia Haosheng Coal Mining Co., Ltd.	Director	28 May 2018
	Shandong Duanxin Supply Chain Management Co., Ltd	Supervisor	9 July 2015
	Shandong Zhongyin International Trade Co., Ltd	Head of the Supervisory Committee	9 July 2015
	Qilu Bank Co., Ltd	Director	31 December 2015
	Yankuang Group Finance Co., Ltd	Director	20 December 2017
	Shanghai CIFCO Futures	Director	6 July 2015
	Future Energy Chemical Co., Ltd	Chairman of the Supervisory Committee	19 May 2014
	Huadian Zouxian Power Generation Company Limited	Chairman of the Supervisory Committee	26 April 2016
	Duanxin Investment Holding (Shenzhen) Co., Ltd	Director and General Manager	22 March 2016
	Qingdao Duanxin Asset Management Co., Ltd	Executive Director	3 August 2016
	Yancoal Australia Limited	Director	28 April 2017
	Yancoal International (Holding) Co., Ltd.	Director	4 January 2018
	Shanghai Jujiang Asset Management Co., Ltd.	Chairman	18 December 2017
Tian Hui	China Galaxy Investment Management Co., Ltd.	Director	2 November 2021
Zhu Limin	Focus Technology Co., Ltd.	Director	2 March 2020
	Aerospace Information Co., Ltd.	Independent director	4 February 2016
	CR Chemical Materials Technology Inc.	Independent director	7 April 2020
	Cinda Securities Co., Ltd.	Independent director	15 November 2016
Cai Chang	Harbin Electric Corporation Jiamusi Electric Machine Co., Ltd.	Independent director	1 January 2019
	Sunshine Assets Management Co., Ltd.	Independent director	1 January 2018
	Beijing Chexun Internet Co., Ltd.	Independent director	19 April 2021
	Zhejiang Huaray Technology Co., Ltd.	Independent director	30 June 2021

Name	Name of other entities	Title and positions	Beginning date of office term
Poon Chiu Kwok	Huabao International Holdings Limited	Executive Director, Vice president, company secretary	1 May 2006
	Sunac China Holdings Limited	Independent director	8 June 2011
	Sany Heavy Equipment International Holdings Limited	Independent director	18 December 2015
	AUX International Holdings Limited	Independent director	15 May 2015
	Chongqing Changan Minsheng APLL Logistics Co., Ltd.	Independent director	30 September 2011
	Green Town Service Group Co., Ltd.	Independent director	13 June 2016
	Yuanda China Holdings Limited	Independent director	12 April 2011
	Jinchuan Group International Resource Co.	Independent director	21 March 2017
Su Li	Yanzhou Coal Ordos Neng Hua Company Limited	Supervisor	15 December 2021
Gong Zhijie	Yantai Jinzheng Environmental Technology Co., Ltd.	Chairman	19 January 2021
Wu Xiangqian	Yancoal Australia Limited	Director	28 April 2017
	Yancoal International (Holding) Co., Ltd.	Director	4 January 2018
He Jing	Qingdao Vast Lucky International Trade Co., Ltd.	Chairman	23 January 2019
	Yankuang Energy Group Company Limited International Trade Branch	General Manager	25 November 2019
Zhang Lei	Yancoal International (Holding) Co., Ltd	General Manager	27 March 2020
Explanation on their incumbency at other entities	No		

(III) Remuneration for Directors, Supervisors and Senior Management

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

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

Name	Title and positions	Changes	Causes for change
Li Wei	Director, Chairman	Elected	Other work commitment
Xiao Yaomeng	Director	Elected	Other work commitment
	General Manager	Appointed	Other work commitment
	Vice General Manager	Resigned	Other work commitment
Zhu Qingrui	Director	Elected	Other work commitment
Huang Xiaolong	Director	Elected	Other work commitment
	Secretary of the Board	Appointed	Other work commitment
Li Shipeng	Vice Chairman of the Supervisory Committee	Elected	Other work commitment
Zhu Hao	Supervisor	Elected	Other work commitment
Deng Hui	Employee Supervisor	Elected	Other work commitment
Zhang Yanwei	Vice General Manager	Appointed	Other work commitment
Liu Qiang	Vice General Manager	Appointed	Other work commitment
Li Weiqing	Vice General Manager	Appointed	Other work commitment
Ma Junpeng	Chief Engineer	Appointed	Other work commitment
Li Xiyong	Chairman	Resigned	Passed away
Wu Xiangqian	Director	Resigned	Other work commitment
He Jing	Director	Resigned	Other work commitment
	Vice General Manager	Resigned	Other work commitment
Gu Shisheng	Chairman of the Supervisory Committee	Resigned	Other work commitment
Zhou Hong	Vice Chairman of the Supervisory Committee	Resigned	Other work commitment
	Chairman of the Supervisory Committee	Elected	Other work commitment
	Supervisor, Chairman of the Supervisory Committee	Resigned	Other work commitment
Zheng Kai	Employee Supervisor	Resigned	Other work commitment
Liu Jian	General Manager	Resigned	Other work commitment
Wang Peng	Vice General Manager	Resigned	Other work commitment
Li Wei	Vice General Manager	Resigned	Other work commitment
Wang Chunyao	Chief Engineer	Resigned	Other work commitment
Jin Qingbin	Secretary of Board of Directors	Resigned	Resigned

Note: Mr. Li Wei, the Chairman of the Company share the same name with the resigned vice general manager Mr. Li Wei, but they are not the same person.

1. *Changes of directors*

As considered and approved at the second session of 2021 Extraordinary General Meeting of the Company held on 20 August 2021, Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Zhu Qingrui, and Mr. Huang Xiaolong were elected as Non-employee Representative Directors of the eighth session of the Board from the conclusion of the second session of 2021 Extraordinary General Meeting till the conclusion of the general meeting where the Directors of the ninth session of the Board are elected.

As considered and approved by the 14th meeting of the eighth session of the Board, Mr. Li Wei was elected as the Chairman of the eighth session of the Board.

On August 20, 2021, the Board received the resignation letters of two Directors of the Company, Mr. Wu Xiangqian and Mr. He Jing, both of whom would no longer act as the Directors after that day.

On March 29, 2022, the Board received the resignation letter from Mr. Tian Hui, the independent Director of the Company. Due to personal reasons, Mr. Tian Hui made the application to resign from the position as the independent Director and the his positions at the Audit Committee, Nomination Committee as well as the Sustainable Development Committee. Before the election for new directors at the Shareholders' General Meeting, Mr. Tian Hui will continue to perform his relevant duties in accordance with relevant laws, regulations and the Articles.

2. *Changes of supervisors*

As considered and approved at the second session of 2021 Extraordinary General Meeting of the Company held on 20 August 2021, Mr. Zhu Hao was elected as Non-employee Representative Supervisor of the eighth session of the Supervisory Committee, from the conclusion of the second session of 2021 Extraordinary General Meeting of the Company till the conclusion of the general meeting where the Non-employee Representative Supervisors of the ninth session of the Supervisory Committee are elected.

As considered and approved at the eighth meeting of the eighth Supervisory Committee of the Company held on 20 August 2021, Mr. Zhou Hong was elected as the Chairman of the Company's eighth Supervisory Committee, and Mr. Li Shipeng was elected as vice-chairman of the eighth Supervisory Committee of the Company.

On 20 August 2021, the Supervisory Committee received the resignation letter of Mr. Gu Shisheng, the Supervisor of the Company and Chairman of the Supervisory Committee. Due to work adjustment, Mr. Gu Shisheng no longer held the two posts. His resignation request took effect immediately.

As democratically elected at the joint meeting of the workers' congress of the Company held on 30 November 2021, Mr. Deng Hui was appointed as Employee Representative Supervisors of the eighth session of the Board of the Company with the same term office of the eighth session of the Supervisory Committee of the Company. Due to work adjustment, from November 30, 2021, Mr. Zheng Kai no longer served as the Employee Representative Supervisor of the Company.

On 25 January 2022, the Supervisory Committee received the resignation letter of Mr. Zhou Hong, a Supervisor of the Company and Chairman of the Supervisory Committee of the Company. Due to work adjustment, Mr. Zhou Hong no longer held the two posts. His resignation request took effect immediately.

3. Changes of senior management

As considered and approved at the 13th meeting of the eighth session of the Board held on 30 July 2021, Mr. Xiao Yaomeng was appointed as General Manager of the Company, Mr. Zhang Yanwei as Deputy General Manager of the Company, and Mr. Huang Xiaolong as Secretary to the Board of the Company. Their terms of office are the same as those of other senior management members appointed by the eighth session of the Board.

As considered and approved at the 16th meeting of the eighth session of the Board held on 29 September 2021, Mr. Liu Qiang was appointed as the Vice General Manager of the Company, whose term of office is the same as those of other senior management members appointed by the eighth Board of Directors of the Company.

As considered and approved at the 18th meeting of the eighth session of the Board held on 1 December 2021, Mr. Li Weiqing was appointed as the Vice General Manager of the Company, whose term of office is the same as those of other senior management members appointed by the eighth Board of Directors of the Company.

As reviewed and approved at the 21st meeting of the eighth session of the Board held on 30 March 2022, Mr. Ma Junpeng was appointed as Chief Engineer of the Company, whose term of office is the same as those of other senior management members appointed by the eighth Board of Directors of the Company.

On 20 February 2021, the Board received the resignation letter of Mr. Liu Jian. He resigned from the post as the General Manager of the Company, due to work adjustment.

On 30 July 2021, the Board received the resignation letters of Mr. Li Wei, Vice General Manager of the Company, and Mr. Jin Qingbin, Secretary of the Board. They resigned from the respective posts due to work adjustment.

On 9 August 2021, the Board received the resignation letter of Mr. Wang Peng, Vice General Manager of the Company. He resigned from the post due to work adjustment.

On 21 November 2021, the Board received the resignation letter of Mr. Wang Chunyao, Chief Engineer of the Company. Mr. Wang Chunyao resigned from the post due to work adjustment.

4. *Changes in the current positions of the Company's Directors, Supervisors and Senior Management in the Company's Subsidiaries*

(Prepared in accordance with the Hong Kong Listing Rules)

Title	Name	Before Changes	After Changes	Time of Changes
Director	Liu Jian	Director of Future Energy Chemicals Co., Ltd.	–	December 27, 2021
Director, CFO	Zhao Qingchun	Yanzhou Coal Yulin Neng Hua Company Limited	–	December 27, 2021
		Chairman of Duanxin Investment Holdings (Beijing) Co., Ltd.	–	February 15, 2022
Vice General Manager	Gong Zhijie	–	Chairman of Yantai Jinzheng Environmental Protection Technology Co., Ltd.	January 19, 2021
		–	Director and Chairman of Shandong Huaju Energy Co., Ltd.	November 6, 2021
		Chairman of Shandong Huaju Energy Co., Ltd.		January 29, 2022
Vice General Manager	Zhang Chuanchang	Chairman and General Manager of Yanzhou Coal Ordos Neng Hua Co., Ltd.	–	January 13, 2021
		Chairman of Inner Mongolia Haosheng Co., Ltd.	–	January 13, 2021
Director (Resigned)	He Jing	Yanzhou Coal Shanxi Neng Hua Company Limited	–	November 23, 2021
Vice General Manager (resigned)	Li Wei	Chairman of Shandong Huaju Energy Co., Ltd.	–	November 6, 2021
Secretary of the Board (resigned)	Jin Qingbin	Director of Duanxin Investment Holdings (Shenzhen) Co., Ltd.	–	July 30, 2021
		Director of Yancoal International (Holdings) Limited	–	July 30, 2021

(V) Penalty by Security Regulatory Authorities in Recent Three Years

During the time when Mr. Tian Hui, the Independent Director of the Company, served as the Independent Director of Beijing Haohua Energy Co., Ltd. (stock abbreviation: Haohua Energy; stock code: 601101), due to Haohua Energy's violation of information disclosure, Mr. Tian was warned by the Beijing Regulatory Bureau of the China Securities Regulatory Commission, and was fined by RMB100,000. He was also criticized in the circulated notice of the Shanghai Stock Exchange.

(VI) Others

1. Service contracts of Directors and Supervisors

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

2. Interests of Directors, Supervisors and Senior Management in contracts

None of the Directors, Supervisors or senior management of the Company have had a direct or indirect material interest in any material contract entered into or performed by the Company, its Controlling Shareholder, any of its subsidiaries or subsidiaries of its Controlling Shareholder during the year ended 31 December 2021.

3. Directors', Supervisors' and Senior Managements' interest in competing business

As at 31 December 2021, none of the Directors, Supervisors or senior management has taken interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Company.

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

V. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session and Number of Meeting	Date of Meeting	Resolutions
The eighth meeting of the eighth session of the Board	January 13, 2021	All passed
The ninth meeting of the eighth session of the Board	February 5, 2021	All passed
The tenth meeting of the eighth session of the Board	March 8, 2021	All passed
The eleventh meeting of the eighth session of the Board	March 26, 2021	All passed
The twelfth meeting of the eighth session of the Board	April 29, 2021	All passed
The thirteenth meeting of the eighth session of the Board	July 30, 2021	All passed
The fourteenth meeting of the eighth session of the Board	August 20, 2021	All passed
The fifteenth meeting of the eighth session of the Board	August 27, 2021	All passed
The sixteenth meeting of the eighth session of the Board	September 29, 2021	All passed
The seventeenth meeting of the eighth session of the Board	October 29, 2021	All passed
The eighteenth meeting of the eighth session of the Board	December 1, 2021	All passed
The nineteenth meeting of the eighth session of the Board	December 31, 2021	All passed

VI. PERFORMANCE OF DIRECTORS

(I) Directors' Attendance in the Board Meetings and Shareholders' General Meetings

	Participation in the Board							Attendance at the General Meetings
Name of Directors	Whether Independent Director or not	Times of Board meeting entitled to attend	Times of presence at person	Times of presence via telecomm-unication	Times of presence via proxy	The number of absence	Whether Absent from Two Consecutive Meetings	Times of presence
Li Wei	No	6	6	4	0	0	No	1
Liu Jian	No	12	12	9	0	0	No	6
Xiao Yaomeng	No	6	6	4	0	0	No	1
Zhu Qingrui	No	6	6	4	0	0	No	1
Zhao Qingchun	No	12	12	9	0	0	No	6
Wang Ruolin	No	12	12	9	0	0	No	6
Huang Xiaolong	No	6	6	4	0	0	No	1
Tian Hui	Yes	12	12	12	0	0	No	6
Zhu Limin	Yes	12	12	12	0	0	No	6
Cai Chang	Yes	12	12	12	0	0	No	6
Poon Chiu Kwok	Yes	12	12	12	0	0	No	6
Li Xiyong (resigned)	No	4	4	4	0	0	No	0
Wu Xiangqian (resigned)	No	6	6	6	0	0	No	3
He Jing (resigned)	No	6	6	6	0	0	No	0

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

Not applicable.

The number of Board meetings held during the year	12
Of which: the number of on-site meetings	3
The number of meetings held by telecommunication	9
The number of meetings held on-site combined with telecommunication	3

(II) Opposing Opinions of Directors (including Independent Non-executive Directors) against Relevant Matters of the Company

Not applicable.

(III) Others

Not applicable.

VII. PERFORMANCE OF COMMITTEES TO THE BOARD

As approved at the first meeting of the eighth session of the Board held on 16 June 2020, the Company set up the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy and Development Committee and the Sustainable Development Committee of the eighth session of the Board. All the special committees to the Board have formulated the terms of reference which set out the role, composition and responsibilities of each committee. During the reporting period, every committee performed its duties in strict compliance with the terms of reference.

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

(I) Membership of Special Committees under the Board

Types of Committees	Members
Audit Committee	Cai Chang, Wang Ruolin, Tian Hui, Zhu Limin, Poon Chiu Kwok
Nomination Committee	Poon Chiu Kwok, Li Wei, Tian Hui
Remuneration Committee	Zhu Limin, Cai Chang, Poon Chiu Kwok
Strategy and Development Committee	Li Wei, Liu Jian, Xiao Yaomeng, Zhu Limin
Sustainable Development Committee	Xiao Yaomeng, Tian Hui, Zhu Limin

(II) Audit Committee to the Board

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

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

During the reporting period, the Audit Committee conscientiously fulfilled the responsibilities specified in the Terms of Reference of the Audit Committee of the Company and conducted various tasks in a strict and regulated manner. The Audit Committee already reviewed the interim results of the Company for the first half of 2021 and the final results of the Company for the year 2021, and also examined the effectiveness of the risk management and the internal control system of the Group for the year 2021. The examination covered financial control, operational control, compliance control and all other material aspects under control. The Audit Committee considered that the risk management and the internal control system of the Group is effective and adequate.

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

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
January 19, 2021	Hearing the report of the annual audit accountant on the pre-audit matters of the Company's 2020 annual report.	The Audit Committee urged the annual audit accountant to issue an audit report as scheduled, to ensure the timeliness, accuracy and completeness of the Company's 2020 annual report.	Cai Chang Wang Ruolin Tian Hui Zhu Limin Poon Chiu Kwok	√ √ √ √ √	–

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
March 19, 2021	Hearing the report of the annual audit accountant on the audit matters of the Company's 2020 annual report; reviewing the Company's 2020 financial and accounting statements.	Hearing the accountant's comparative analysis on the audit of the 2020 annual report and the Company's operation, and reviewing the Company's 2020 financial statements, the Committee believes that the financial statements can truly and completely reflect the Company's assets and operation, and agrees to submit them to the Board for approval.	Cai Chang Wang Ruolin Tian Hui Zhu Limin Poon Chiu Kwok	√ √ √ √ √	—
March 19, 2021	Hearing the report of the management on the development of internal control, and approving the re-appointment of accountants in 2021 and the performance report of the Audit Committee in 2020.	Reviewing and approving the Opinions of the Audit Committee of the Board on Renewing the Appointment of External Auditors and Remuneration Arrangements in 2021, the Audit Committee's Performance Report in 2020, and the Internal Control Work Report of the Company in 2020.	Cai Chang Wang Ruolin Tian Hui Zhu Limin Poon Chiu Kwok	√ √ √ √ √	—

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
20 August 2021	Hearing the annual audit accountant's report on the Company's 2021 interim audit matters	Hearing the main problems and improvement suggestions discovered by the external auditor in the Company's 2021 interim financial report, and reviewing the Company's 2021 interim financial statements, the committee believes that the financial statements can truly and completely reflect the Company's assets and operation, and agrees to submit it to the Board for approval.	Cai Chang Wang Ruolin Tian Hui Zhu Limin Poon Chiu Kwok	√ √ √ √ √	—

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

At the special meeting convened on 23 March 2022, the Audit Committee convened heard the 2021 annual audit report by ShineWing Certified Public Accountants (special partnership) and SHINEWING (HK) CPA Limited, voted on the financial statements for 2021 and resolution was made and submitted to the Board for review.

(III) Nomination Committee to the Board

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

1. *The main duties of the Nomination Committee are:*

(1) to recommend to the Board on the structure, the number of Directors and the composition of the Board according to the operation, asset scale and share structure of the Company, to realize the diversity of the Board members by considering the related factors including but not limited to gender, age, culture and education background, professional experience, skills and service year, etc., according to the Company's business model and specific needs;

(2) to study and formulate the selection criteria and procedures for Directors and senior management, and make relevant recommendations;

(3) to extensively identify eligible candidates for the positions of Directors and senior management of the Company, and make relevant recommendations to the Board;

(4) to review the candidates for Directors and senior management, and to recommend to the Board on the proposed appointments and the succession plan of Directors and senior management and other relevant matters;

(5) to assess the independence of Independent Non-executive Directors.

2. *Summary of the Company's diversity policy for Board members:*

The Nomination Committee considers the diversity of the board members from various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and years of service. Considering the above factors, the Nomination Committee makes a final recommendation to the Board on the merits of the candidates and their potential contribution to the Company and the Board.

3. *The Company's Director nomination policy and implementation:*

The Employee Directors are democratically elected by the employees of the Company through their congresses or other forms.

Candidates for Non-employee Representative Directors are normally submitted to the Shareholder's Meeting by the Board in the form of proposals. The shareholders and the Supervisory Committee of the Company may nominate candidates for Non-employee Representative Directors in accordance with the Articles.

The Board, the Supervisory Committee, or the shareholders holding more than one percent of the Company's issued shares separately or in combination may nominate candidates for Independent Directors, which should be elected and decided by the Shareholder's Meeting.

During the reporting period, the Nomination Committee held 3 meetings. The details are as follows:

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
July 23, 2021	1. The Proposal on the Nomination of Directors of the eighth session of the Board. 2. The Proposal on the Nomination of General Manager, Vice General Manager and Secretary of the Board.	1. "The Proposal on Nomination of Directors of the Eighth Session of the Board" was approved. Mr. Li Wei, Xiao Yaomeng, Zhu Qingrui and Huang Xiaolong were nominated to the Board as candidates for the Company's eighth session of the Board. 2. "The Proposal on Nomination of General Manager, Vice General Manager and Secretary of the Board" was approved. Mr. Xiao Yaomeng was nominated as the Company's General Manager, Mr. Zhang Yanwei as Vice General Manager, and Mr. Huang Xiaolong as the Board Secretary.	Poon Chiu Kwok Tian Hui	√ √	After reviewing the above-mentioned candidates' resumes and other relevant information, their qualifications are in compliance with the relevant provisions of the Company Law, the regulatory rules of the place where the Company is listed, and the Articles of Association.

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
September 26, 2021	The Proposal on Nomination of Deputy General Manager of the Company.	"The Proposal on Nomination of Deputy General Manager of the Company" was approved. Mr. Liu Qiang was nominated to the Board of Directors as Deputy General Manager of the Company.	Poon Chiu Kwok Li Wei Tian Hui	√ √ √	After reviewing Mr. Liu Qiang's personal resume and other relevant information, Mr. Liu Qiang's qualifications are in compliance with the relevant provisions of the Company Law, the regulatory rules of the place where the Company is listed and the Articles of Association, which were proposed to the Board for appointment.
November 26, 2021	The Proposal on Nomination of Deputy General Manager of the Company.	"The Proposal on Nomination of Deputy General Manager of the Company" was approved. Mr. Li Weiqing was nominated to the Board of Directors as Deputy General Manager of the Company.	Poon Chiu Kwok Li Wei Tian Hui	√ √ √	After reviewing Mr. Li Weiqing's personal resume and other relevant information, Mr. Li Weiqing's qualifications are in compliance with the relevant provisions of the Company Law, the regulatory rules of the place where the Company is listed and the Articles of Association. the Board is suggested to perform the appointment procedure.

Note: As considered and approved at the 14th meeting of the eighth session of the Board of the Company held on 20 August 2021. Mr. Poon Chiu Kwok, Mr. Li Wei and Mr. Tian Hui were approved to be the three members of the eighth session of the Remuneration Committee. Mr. Poon Chiu Kwok serves as the head of the Nomination Committee.

On March 23, 2022, the Company held the fifth meeting of the Nomination Committee of the eighth session of the Board to approve the "The Proposal on Nomination of the Company's Chief Engineer" and to nominate Mr. Ma Junpeng to the Board as the Company's chief engineer. After reviewing Mr. Ma Junpeng's personal resume and other relevant information, Mr. Ma Junpeng's qualifications are in compliance with the relevant provisions of the Company Law, the regulatory rules of the place where the Company is listed and the Articles, which were proposed to the Board for appointment.

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

(IV) Remuneration Committee to the Board

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

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

During the reporting period, the Remuneration Committee held three sessions of meetings. Details are as follows:

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
11 January 2021	1. The Proposal on Adjusting the Exercising Price of the 2018 A-share Stock Option Incentive Scheme, the List of Incentive Participants and the Number of Options Granted, and the Canceling of Some Options. 2. The Proposal on the Achievement of the Exercise Conditions for the First Exercising Period of the 2018 A-share Stock Option Incentive Scheme.	1. "The Proposal on Adjusting the Exercising Price of the 2018 A-share Stock Option Incentive Scheme, the List of Incentive Participants and the Number of Options Granted，and the Canceling of Some Options" was approved and submitted to the Board for review and discussion. 2. "The Performance Appraisal Report for the First Exercising Period of the 2018 A-share Stock Option Incentive Scheme and the Assessment Results of the Incentive Participants" were approved. "The Proposal on the Achievement of the Exercise Conditions for the First Exercising Period of the 2018 A-share Stock Option Incentive Scheme" was submitted to the Board for discussion and deliberation.	Zhu Limin Cai Chang Poon Chiu Kwok	√ √ √	–

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
19 March 2021	1. The Proposal on Discussing and Reviewing the Remuneration of Directors and Supervisors in 2021. 2. The Proposal on Discussing and Reviewing the 2021 Annual Remuneration of Senior Management.	1. "The Proposal on Discussing and Reviewing the Remuneration of Directors and Supervisors in 2021" was approved and submitted to the Board for review and discussion. 2. "The Proposal on Discussing and Reviewing the 2021 Annual Remuneration of Senior Management" was approved and submitted to the Board for review and discussion.	Zhu Limin Cai Chang Poon Chiu Kwok	√ √ √	1. It is recommended that the per capita remuneration of Independent Directors of the Company in 2021 is RMB150,000 (tax included). It is suggested that after the Company completes its business objectives in 2021, the specific remuneration of Non-independent Directors and Supervisors should be determined. 2. It is suggested that after the Company Completes its business objectives in 2021, the specific remuneration of non-director senior management should be determined in accordance with the Company's remuneration assessment policy.

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
November 26, 2021	1. The Proposal on Discussing and Reviewing the Company's 2021 A-Share Restricted Stock Incentive Scheme (draft) and Its Abstract. 2. The Proposal on Discussing and Reviewing the Assessment on the Implementation of the Company's 2021 A-Share Restricted Stock Incentive Scheme. 3. The Proposal on Discussing and Deliberating on Authorizing the Board to Handle Matters Related to the Company's 2021 A-share Restricted Stock Incentive Scheme.	1. "The Proposal on Discussing and Reviewing the Company's 2021 Restricted A Share Incentive Scheme (draft) and Its Abstract" was passed and submitted to the Company's Board of Directors for review and discussion. 2. "The Proposal on Discussing and Reviewing the Assessment Management Measures of the Implementation of the Company's 2021 A-Share Restricted Stock Incentive Scheme" was passed and submitted to the Company's Board of Directors for review and discussion. 3. "The Proposal on Discussing and Deliberating on Authorizing the Board to Handle Matters Related to the Company's 2021 A-share Restricted Stock Incentive Scheme" was passed and submitted to the Company's Board of Directors for review and discussion.	Zhu Limin Cai Chang Poon Chiu Kwok	√ √ √	–

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

At the fourth meeting of the Remuneration Committee of the eighth session of the Board held on January 24, 2022, the Company approved the "The Proposal on Adjusting Matters Related to the 2018 A-Share Stock Option Incentive Plan" and submitted it to the Board for review and discussion; approved "The Performance Evaluation Report of the Second Exercising Period of the 2018 A-Share Stock Option Incentive Plan and the Evaluation Results of the Incentive Participants" and submitted "The Proposal on the Achievement of the Exercise Conditions of the 2018 A-share Stock Option Incentive Plan" to the Board for review and consideration.

As at the fifth meeting of the Remuneration Committee of the eighth session of the Board convened on March 23, 2022, the Company approved "The Proposal on Discussing and Reviewing the Remuneration of Directors and Supervisors in 2022" and "The Proposal on Discussing and Reviewing the Remuneration of Senior Management in 2022", and submitted them to the Board for review and discussion.

(V) Strategy and Development Committee to the Board

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

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

During the reporting period, the Strategy and Development Committee held two meetings.

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
March 19, 2021	Discussing and deliberating the Company's "2021 Production, Operation and Capital Expenditure Plan"	"The Proposal on Discussing and Deliberating the Company's 2021 Production, Operation and Capital Expenditure Plan" was passed and submitted to the Board for review and consideration.	Li Xiyong Liu Jian Zhu Limin	√ √ √	–
November 26, 2021	Discussing and reviewing the Company's "Development Strategy Outline"	"The Proposal on Discussing and Reviewing the Company's Development Strategy Outline" was passed and submitted to the Board of Directors for review and consideration.	Li Wei Liu Jian Xiao Yaomeng Zhu Limin	√ √ √ √	–

Note: As considered and approved at the first meeting of the eighth session of the Board of the Company held on August 20 2021, fourteenth members, namely Mr. Li Wei, Mr. Liu Jian, Mr. Xiao Yaomeng, and Mr. Zhu Limin were approved to be four members of the Strategy and Development Committee of the eight session of the Board. Mr. Li Wei served as the head of the Strategy and Development Committee.

As at the fourth meeting of the Strategy and Development Committee of the eighth session of the Board held on March 23, 2022, the Company approved the "The Proposal on Discussing and Reviewing the Company's 2022 Annual Production, Operation and Capital Expenditure Plan" and submitted it to the Board for review and discussion.

(VI) Sustainable Development Committee to the Board

The members of the Sustainable Development Committee are the Director, Mr. Xiao Yaomeng and two Independent Directors, Mr. Tian Hui and Mr. Zhu Limin. Mr. Xiao Yaomeng serves as the head of the Sustainable Development Committee.

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

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

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
March 19, 2021	Discussing and reviewing the Company's 2020 Annual Social Responsibility Report	"The Proposal on Discussing and Reviewing the Company's 2020 Social Responsibility Report" was passed and submitted to the Company's Board of Directors for discussion and review.	Liu Jian Tian Hui Zhu Limin	√ √ √	–

Note: As discussed and deliberated at the 14th meeting of the eighth session of the Board held on August 20, 2021, Mr. Xiao Yaomeng, Mr. Tian Hui and Mr. Zhu Limin were approved to be the 4 members of the Sustainable Development Committee. Mr. Xiao Yaomeng serves as the head of the Sustainable Development Committee.

As at the second meeting of Sustainable Development Committee of the eighth session of the Board held on March 23, 2022. The Proposal on Discussing and Reviewing the Company's 2021 Annual ESG Report was approved and submitted to the Board.

(VII) The Specific Cases of the Objections

Not applicable.

VIII. RISKS IDENTIFIED BY THE SUPERVISORY COMMITTEE OF THE COMPANY

Not Applicable.

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

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

IX. EMPLOYEES OF THE GROUP AND ITS MAIN SUBSIDIARIES AT THE END OF THE REPORTING PERIOD

(I) Information of Employees

The number of On-the-job Employees of the Group	36,239
The number of On-the-job Employees of its main subsidiaries	25,625
The total number of On-the-job Employees	61,864
The total number of resigned and retired employees whose welfare fees shall be paid by the Group and its main subsidiaries	40,736

Composition by Specialty

Specialty	Number (person)
Production personnel	37,531
Sales personnel	464
Technical personnel	3,918
Financial personnel	690
Administrative staff	3,494
Other supporting workers	15,767
Total	61,864

Education Level

Education types	Number (person)
College and above	27,377
Secondary education	20,562
Junior high school and below	13,925
Total	61,864

(II) Remuneration Policy

The total wages and allowances of the staff of the Group for the year 2021 amounted to RMB7.109 billion. For the details of remuneration policy for Directors, Supervisors and senior management, please refer to the section headed Remuneration Policy and Annual Remuneration for Directors, Supervisors and Senior Management in this chapter.

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

(III) Training Plan

The Group values employee training in respect of technical skills and professional competence. By making full use of various educational resources, training institutes and various ways of training, the Group focused on the training of professional skills and improved the training of political ideology, management, ongoing education, skills, safety, transfer-employment talent, pre-employment and others. In 2021, it was planned that 66,220 person times would participate in off-job training, with 76,273 person times and a completion rate of 115.18%.

(IV) Labor Outsourcing

Not applicable

X. PROFIT DISTRIBUTION OR CAPITAL RESERVES TRANSFERRED TO SHARE CAPITAL PLAN

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

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

As reviewed and approved by the Company's second extraordinary general meeting of shareholders in 2020 held on December 9, 2020, the Company's 2020-2024 cash dividend ratio is determined as: the total cash dividend distributed by the Company in each fiscal year should account for 50% of the Company's net profit after the annual deduction of statutory reserves, and the cash dividend per share is not less than RMB0.50.

As reviewed and approved by the Company's 2020 annual general meeting held on June 18, 2021, the Company distributed a cash dividend of RMB0.60 per share (tax inclusive) to shareholders for 2020, and a special cash dividend of RMB0.40 per share (tax inclusive). A total cash dividend of RMB1.00 per share (tax inclusive) was distributed. As of the disclosure date of this report, the 2020 cash dividends have been distributed to the Company's shareholders.

The Board proposed to distribute 2021 cash dividend of RMB1.60 per share (tax inclusive) to shareholders based on the total share capital on the record date of dividend distribution. In addition, a special cash dividend of RMB0.40 per share is distributed, bringing the total cash dividend to RMB2.00 per share (tax inclusive).

This distribution plan will be submitted to the 2021 annual general meeting for consideration and the dividends will be distributed in this way to the Company's shareholders within two months if the annual general meeting approves it. The 2021 cash dividend is projected to be distributed by the Company before 30 August 2022. According to the Articles of Association, cash dividend will be calculated and declared in RMB.

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

(II) Special Explanation of the Cash Dividend Policy

Whether it complies with the provisions of the Company's articles of association or the requirements of the resolution of the General Meeting of Shareholders	√ Yes	☐No
Whether the dividend standard and ratio are explicit and clear	√ Yes	☐No
Whether the relevant decision-making procedures and mechanisms are complete	√ Yes	☐No
Whether the Independent Directors performed their duties and played their due role	√ Yes	☐No
Whether minority shareholders have the opportunity to fully express their opinions and demands, and if their legitimate rights and interests are fully protected	√ Yes	☐No

(III) If The Company is Profitable during the Reporting Period and the Parent Company's Profit Available for Distribution to Shareholders is Positive with No Cash Profit Distribution Plan Proposed, the Company Shall Disclose the Reasons in Detail and the Plan to Use the Undistributed Profits.

Not applicable.

(IV) Tax and Tax Exemption or Reduction

1. For relevant regulations on the withholding and payment of dividends and tax reduction and exemption for A-Share investors, please refer to the Company's Announcement on the Implementation of the 2020 Annual Equity Distribution dated July 14, 2021 for details, which was published on the websites of the Shanghai Stock Exchange, the Company's website, and/or Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.

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

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

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

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

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

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

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

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

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

(3) Withholding and payment of individual income tax for Hongkong Stock Connect Investors

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

XI. CIRCUMSTANCES AND IMPACTS OF THE SHARE INCENTIVE SCHEME AND EMPLOYEE STOCK OWNERSHIP PLAN OR OTHER INCENTIVE SCHEME TO EMPLOYEES

(I) Share Incentives Disclosed in Extraordinary Announcement with No Progress or Changes

Not applicable.

(II) Share Option Incentives Not Disclosed in Extraordinary Announcements or with Subsequent Progress

Circumstances of share incentives

1. *The first Share Incentive Scheme in 2018*

Incentive method: share options

Source of underlying shares: Issuance of shares to incentive participants

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

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

As considered and approved at the Company's 2019 First Extraordinary General Meeting of Shareholders, the First Class Meeting of A-Share Shareholders, the First H-Share Shareholders' Meeting and the 23rd Meeting of the Seventh Board of Directors held on February 12, 2019, the Company grants share options to incentive participants, in line with 2018 Annual A-Share Option Incentive Scheme ("**Option Incentive Scheme**").

As considered and approved at the eighth meeting of the eighth session of the Board on January 13, 2021, the Company confirms that the conditions for the first exercising period of the "Option Incentive Scheme" are mature, and the exercising period is from 18 February 2021 to 11 February 2022.

As considered and approved at the twentieth meeting of the eighth session of the Board on 27 January 2022, the Company confirms that the conditions for the second exercising period of the "Option Incentive Scheme" are mature, and the exercising period is from 14 February 2022 to 10 February 2023.

2. *The second Share Incentive Scheme in 2021*

Incentive method: restricted stocks

Source of underlying shares: Issuance of shares to incentive participants

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

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

As approved at the Company's 2022 First Extraordinary General Meeting of Shareholders, the First Class Meeting of A-Share Shareholders, the First Class Meeting of H-Share Shareholders and the 20th meeting of the eighth session of the Board held on 27 January 2022, the Company grants restricted shares to the incentive participants, according to the Restricted A Share Incentive Scheme for 2021 ("**Restricted A Share Incentive Scheme**").

Other Explanation

Abstract of the Option Incentive Scheme

1. *The purpose of the Option Incentive Scheme*

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

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

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

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

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

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

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

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

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

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

Upon expiry of after 24 months from the date of grant, the share options granted under the Option Incentive Scheme can be exercised on any trading day, except during following periods:

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

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

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

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

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

The exercising period of the options granted this time and the exercise schedule of each period are shown in the following table:

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

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

7. *The exercising price*

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

8. *The basis of determination of exercising price of the share options granted under the Option Incentive Scheme*

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

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

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

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

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

9. *The validity period of the Option Incentive Scheme*

The Option Incentive Scheme comes into effect since approval by the 2019 First Extraordinary General Meeting of Shareholders, 2019 First A-Share Shareholders' Meeting and 2019 First H-Share Shareholders' Meeting held on 12 February 2019. The validity period of the share options granted under the Option Incentive Scheme shall not exceed 60 months commencing from the date of granting the share options.

10. *Historical adjustments of the Option Incentive Scheme*

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

As reviewed and approved at the twentieth meeting of the eighth session of the Board on January 27, 2022, the Company canceled 2,807,300 share options that had been granted but not exercised, due to resignation of 33 incentive participants. The result of the personal performance appraisal of four incentive participants is "*up to standard*". 80% of the options will be exercised in the second exercising period, and 24,420 share options that had been granted but were not exercised in the second exercising period will be canceled by the Company. A total of 2,831,720 share options were canceled. The number of options granted but not yet exercised was finally readjusted from 28,836,800 to 26,005,080. The number of share options granted after readjustment accounted for 0.53% of the total share capital at the end of the reporting period. Since the Company made dividend distribution during the vesting period, the Board adjusted the exercising price of the Option Incentive Scheme. The readjusted exercising price of the share option is RMB6.52 per share.

11. *Use of proceeds*

The total proceeds of RMB189.987 million from the exercising of options will be used to supplement the operation capital of the Company.

Abstract of Restricted Stocks Incentive Scheme

1. *The purpose of restricted stocks incentive scheme*

In order to further improve the medium and long-term incentive mechanism, the Company has fully mobilized the Company's management team and key employees, accommodated to the interests of shareholders, the interests of the Company and the personal interests of the backbone team, and enhanced the Company's competitiveness and sustainability.

2. *Scope of incentive participants*

The incentive participants of the Restricted Stocks Incentive Scheme are the incumbent Directors, senior managers, middle-level managers, and backbone personnel, excluding external Directors (including independent Directors), Supervisors, Shareholders or actual controllers that individually or jointly hold 5% or above shares of the Company and their spouses, parents and children.

3. *The number of underlying shares*

The number of restricted stocks to be granted to the participants under the Restricted Stock Incentive Scheme is 62.98 million. The underlying stock type is RMB ordinary shares (A-Shares), accounting for about 1.27% of the Company's total share capital of 4,874.1841 million shares on the grant date; before the granting, the Company adjusted the number of restricted shares granted to 62.34 million shares, representing approximately 1.28% of the Company's total share capital on the grant date.

4. *Each participant is able to receive the maximum benefits*

The number of Company shares granted to any incentive participant through the Share Incentive Scheme within the validity period shall not exceed 1% of the Company's total share capital on the date of announcement of the drafted Restricted Stocks Incentive Scheme.

5. *Grant day*

As reviewed and approved at the twentieth meeting of the eighth session of the Board held on January 27, 2022. That day is determined as the grant date.

6. *Restricted period*

The lock-up periods of the Restricted Stocks Incentive Scheme are 24 months, 36 months and 48 months since the date when the registration of the grant of restricted shares is completed.

7. *The lifting of sales restrictions*

The unlocking period of the restricted shares granted by the Restricted Stocks Incentive Scheme and the release time schedule of each period are shown in the following table:

The lifting of sales restriction	The time to lift sales restriction	The proportion of lifting restrictions
The first unlocking period	From the first trading day after 24 months from the registration date of the restricted stocks to the last trading day within 36 months from the registration date for the restricted stocks	33%
The second unlocking period	From the first trading day after 36 months from the registration date of the restricted stocks to the last trading day within 48 months from the registration date for the restricted stocks	33%
The third unlocking period	From the first trading day after 48 months from the registration date of the restricted stocks to the last trading day within 60 months from the registration date for the restricted stocks	34%

If the Company's performance assessment target is not achieved for a certain unlocking period of restricted stocks, all the restricted stocks of the incentive participants cannot be lifted and should be canceled by the Company. Restricted stocks that cannot be lifted due to non-ideal personal performance assessment during the current period shall be repurchased and canceled by the Company. The repurchase price shall not be higher than the lower one of the grant price and the market price (the market price refers to the average transaction price of the Company's underlying stock on the trading day, before the Board considered the repurchase).

8. *Grant price*

The grant price of the Restricted Stocks Incentive Scheme is RMB11.72 per share, that is, after meeting the granting conditions, the incentive participant can purchase the Company's additional restricted shares issued by the Company to the incentive participants, at a price of RMB11.72 per share.

9. *Method of determining the grant price*

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

(1) The average trading price of the Company's underlying stocks on the trading day before the announcement of the draft of Restricted Stocks Incentive Scheme;

(2) One of the average trading prices of the Company's underlying stocks during the 20 trading days, 60 trading days or 120 trading days prior to the announcement of the draft of Restricted Stocks Incentive Scheme.

Details are shown in the following table:

Unit: RMB/share

	Standard 1	Standard 2			
	The average trading price of the Company's stock in the previous 1 trading day	**The average trading price of the Company's stock in the previous 20 trading days**	**The average trading price of the Company's stock in the previous 60 trading days**	**The average trading price of the Company's stock in the previous 120 trading days**	**Minimum Grant Price**
A Share	23.44	23.29	27.03	22.55	11.72

10. *Validity period*

The Restricted Stocks Incentive Scheme takes effect upon the approval of the Company's first Extraordinary General Meeting of Stakeholders in 2022, the First Class Meeting of A-Share Shareholders in 2022 and the First Class Meeting of H-Share Shareholders on 27 January 2022. The validity period starts from the date when the registration of the grant of restricted shares is completed to the date when all the restricted shares granted to the incentive participants are lifted and finish repurchase and cancellation. The longest period shall not exceed 60 months.

11. *On Grant Completion*

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

12. *Use of proceeds: The total proceeds from the grant of restricted stocks is RMB723.5929 million and will be used to supplement the operation capital of the Company.*

Long-term Incentive Scheme of Yancoal Australia

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

For details, please refer to the resolution announcement of Yancoal Australia 2018 Annual General Meeting dated 30 May 2018, the annual results announcement of the year ended 31 December 2021 on 28 February 2022 and the updated announcement of the rights to issue performance shares dated 22 March 2022. The above announcements were also posted on the websites of Yancoal Australia, the Australia Stock Securities and/or the HKEX.

Employee Shareholding Scheme

Not applicable.

Other Incentive Schemes

Not applicable.

(III) Share Incentives Granted as of the End of this Report

Option Incentive Scheme

Unit: 10,000 shares

Name	Position	Number of share options held at the beginning of the year 2021	Number of newly granted share options during the reporting period	Exercisable shares during the reporting period	Share options exercised during the reporting period	Share option exercise price (RMB)	Number of share options held at the end of the period	Closing price on the previous trading day (RMB)
Liu Jian	Director	26	0	8.58	8.58	7.52	17.42	9.52
Xiao Yaomeng	Director, Senior Manager	15	0	4.95	4.95	7.52	10.05	9.50
Zhao Qingchun	Director, Senior Manager	26	0	8.58	8.58	7.52	17.42	9.84
Wang Ruolin	Director	15	0	4.95	4.95	7.52	10.05	9.27
Deng Hui	Supervisor	12	0	3.96	3.96	7.52	8.04	8.88
Gong Zhijie	Senior Management	26	0	8.58	8.58	7.52	17.42	9.27
Tian Zhaohua	Senior Management	15	0	4.95	4.95	7.52	10.05	9.84
Li Weiqing	Senior Management	15	0	4.95	4.95	7.52	10.05	8.88
Ma Junpeng	Senior Management	15	0	4.95	4.95	7.52	10.05	8.88
Wu Xiangqian	Director (resigned)	32	0	10.56	10.56	7.52	21.44	9.27
He Jing	Director (resigned)	26	0	8.58	8.58	7.52	17.42	9.52
Wang Peng	Senior Management (resigned)	15	0	4.95	4.95	7.52	10.05	9.50
Li Wei	Senior Management (resigned)	15	0	4.95	4.95	7.52	10.05	9.27
Wang Chunyao	Senior Management (resigned)	15	0	4.95	4.95	7.52	10.05	9.27
Jin Qingbin	Senior Management (resigned)	26	0	8.58	8.58	7.52	17.44	9.27
Sub-total of Directors and Senior Management combined (15 persons)		294	0	97.02	97.02	/	196.68	/
Sub-total of other personnel (454 persons)		3,586.64	0	1,321.386	1,321.386	7.52	2,798.59	9.27
Total (469 persons)		3,880.64	0	1,418.406	1,418.406	/	2,995.57	/

Note:

① As of the disclosure date of this report, the Company has made certain adjustments to the Directors, Supervisors and senior management. The above table is filled out according to the positions of the Company's Directors, Supervisors and senior management at the disclosure date of this report.

② As of the disclose date of this report, for Mr. Liu Jian, Deng Hui, Wu Xiangqian, He Jing, Wang Peng, Li Wei, Wang Chunyao and Jin Qingbin, the stock options held by them were cancelled, due to their work adjustment.

③ As of the disclosure date of this report, the Company has launched the second exercising period under the Option Incentive Scheme. For details, please refer to the Company's announcement on the adjustment of the exercising price of the Option Incentive Scheme, the list of incentive participants and the cancellation of some options dated January 27, 2022, the Company's reminder announcement on the use of the autonomous exercising model in the second exercising period under the Option Incentive Scheme dated February 18, 2022, and the Company's reminder announcement dated February 23, 2022 on restricted exercising period under the Option Incentive Scheme, which were published on the websites of Shanghai Stock Exchange, the HKEX and the Company, and/or China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.

Restricted Stocks Incentive Scheme (As of the disclose date of this report)

Unit: 10,000 shares

Name	Position	Number of restricted stocks held at the beginning of the year 2021	Number of newly granted restricted stocks	Grant price of restricted stocks (RMB)	Unlocked stocks	Locked stocks	Market price at the end of the reporting period (RMB)
Xiao Yaomeng	Director, Senior Management	0	20	11.72	0	20	23.53
Zhao Qingchun	Director, Senior Management	0	16	11.72	0	16	23.53
Wang Ruolin	Director	0	16	11.72	0	16	23.53
Huang Xiaolong	Director, Senior Management	0	16	11.72	0	16	23.53
Gong Zhijie	Senior Management	0	16	11.72	0	16	23.53
Zhang Yanwei	Senior Management	0	16	11.72	0	16	23.53
Zhang Chuanchang	Senior Management	0	16	11.72	0	16	23.53
Tian Zhaohua	Senior Management	0	16	11.72	0	16	23.53
Liu Qiang	Senior Management	0	16	11.72	0	16	23.53
Li Weiqing	Senior Management	0	16	11.72	0	16	23.53
Ma Junpeng	Senior Management	0	8	11.72	0	8	23.53
Sub-total of Directors and Senior Management (11 persons)		0	172	/	0	172	/
Sub-total of other personnel (1,234 persons)		0	6,002	11.72	0	6,002	23.53
Total (1,256 persons)		0	6,174	/	0	6,174	/

(IV) The Performance Assessment Mechanism for Senior Management and the Establishment and Implementation of the Incentive Mechanism During the Reporting Period

The Company uses a special mechanism that incorporates the annual salary system, security risk mortgage and special contribution reward, so that the management's performance evaluation is organically linked with the Company's economic benefits and operation results.

Based on their performance, the Company directly judges, rewards or punishes the senior management personnel, according to the relevant operating indicators and management standards. The Company honored its 2021 annual remuneration based on the completion of the business indicators and assessment results of the senior management.

The Company has implemented an Option Incentive Scheme and a Restricted Stocks Incentive Scheme. The Company will strictly follow the relevant assessment management measures and grant interests to the management personnel, when fullfilling the performance assessment indicators assessment.

XII. BUILDING AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD

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

In 2011, in accordance with the relevant requirements under the "General Rules on Internal Control for Enterprises" and the "Supporting Guidelines of Internal Control for Enterprises" jointly issued by Ministry of Finance of PRC and other four ministries, and the regulatory requirements of places where the Company are listed, the Company, based on 18 provisions in the Supporting Guidelines of Internal Control for Enterprises and its business practice, has further improved and strengthened the internal control system at three levels in the Group, i.e. the Company, its subordinated departments and subsidiaries, and their businesses.

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

The Board has assessed the effectiveness of the Company's internal control system once a year since 2007. At the 21st meeting of the eighth session of the Board held on 30 March 2022, the Board made an assessment on the effectiveness of the internal control systems of the Company for the year 2020. The Board, after assessment, believed that the internal control system of the Company is sound and has been implemented effectively and no major defect was found in the design of the internal control or its implementation.

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

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

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

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

Explanation of significant defects in internal control during the reporting period

Not applicable.

XIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

The Company has took multiple steps to dispatch Directors, Supervisors, and senior management personnel to subsidiaries; established an internal reporting system for major issues, regulated the systems for holding shareholders' meetings, meetings of Board of Directors, and meetings of Supervisory committees; unveiled management measures for the Company's dispatched personnel and for related transaction; and supervised various entities to standardize the establishment of internal control system. All this is for more effective management and control of subsidiaries.

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

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

The Company appointed ShineWing Certified Public Accountants (Special General Partnership) to make a review and assessment of the efficiency of internal control of the 2021 financial statements. ShineWing Certified Public Accountants believed that, in accordance with the requirements of General Rules on Internal Control for Enterprises and related regulations, the Company maintained efficient internal control of financial statement in all material aspects.

The full version of the audit report of the internal control of the 2021 financial statement report issued by ShineWing Certified Public Accountants (Special General Partnership) was posted on the Shanghai Stock Exchange website, the HKEX website and the Company's website.

Whether disclose audit report of the internal control: Yes

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

XV. THE CORRECTION OF SELF-EXAMINATION PROBLEMS IN THE SPECIAL ACTION OF LISTED COMPANY GOVERNANCE

The Company has conducted self-examination and self-correction in strict accordance with the relevant requirements of the "Announcement on Launching Special Actions on Corporate Governance of Listed Companies" (CSRC Announcement [2020] No. 69). After self-examination, there is no problem that need to be rectified within the Company.

XVI. OTHERS

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

(I) Compliance with Corporate Governance Practices and Model Code

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

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

The corporate governance rules implemented by the Group include, but not limited to the followings: the Articles of Association, the Rules of Procedures for Shareholders' General Meeting, the Rules of Procedures for the Board, the Rules of Procedures for Supervisory Committee, the Detailed Work Policy of the General Manager, the Work Policy of the Independent Directors, the Rules for Disclosure of Information, the Rules for the Approval and the Disclosure of Connected Transactions of the Company, the Rules for the Management of Relationships with Investors, the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders, the Rules for Monitoring and Assessment of the Implementation of the Resolutions of the Board, the Rules for Report by Directors and Supervisors Dispatched by the Company, the Rules for Management of Employees Stationed at Subsidiaries, the Standard of Conduct and Professional Ethics for Senior Employees, the Measures on the Establishment of Internal Control System and the Measures on Overall Risk Management. For the year ended December 31 2021 and as of the disclosure date of this annual report, the corporate governance rules and practices of the Group are compliant with the principles and the code provisions set out in the Corporate Governance Code (the "Code") contained in the Hong Kong Listing Rules. The Group's corporate governance performance also meets the requirements of the Code.

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

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

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

- To establish an internal control system in accordance with the Guidance in Self-supervision for Listed Companies No. 1 – Standard Operation issued by the Shanghai Stock Exchange, General Rules on Internal Control jointly issued by five ministries including the Chinese Ministry of Finance and the provisions under the Code, the standards of the internal control system are more detailed than those of the Code;

- To announce the evaluation conclusions of the Board and auditors in relation to the effectiveness of internal control of the Company for the year 2021.

(II) Securities Transactions of Directors and Supervisors

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

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

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

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

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

3. request the participants of the Option Incentive Scheme to operate the exercise of share options in the trading system personally without delegating to others;

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

On 21 April 2006, the Code for Securities Transactions of the Management was approved at the fifth meeting of the third session of the Board of the Company. On 23 April 2010, the Code for Securities Transactions of the Management was amended at the 14th meeting of the fourth session of the Board, which is drafted based on the Model Code, but is more stringent than the Model Code after taking the laws, regulations and supervision requirement of listing places in relation to securities transactions into account.

On 13 February 2018, the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders was approved, and the Code for Securities Transactions of the Management was abolished at the 10th meeting of the seventh session of the Board. On 5 December 2018, the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders was amended at the twentieth meeting of the seventh session of the Board, which is drafted based on the Code for Securities Transactions of the Management, standardized the behavior of Securities Held and Transacted by Insiders, added the penalty rules for violating regulatory measures, but is more comprehensive and stringent than the Code for Securities Transactions of the Management.

(III) Board of Directors and Senior Management

As at the disclosure date of this annual report, the Board comprises 11 Directors including four independent non-executive Directors. The names, appointments and resignations of the Directors are set out in this section.

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

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

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

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

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

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

The Company has established internal policies (including but not limited to the Articles, the Directors' Nomination Policy, the Terms of Reference of the Nomination and Remuneration Committee) to ensure that the Board has access to independent views and opinions. These policies cover the Company's procedures and selection criteria for the election and appointment of directors (including independent non-executive directors), the recusal mechanism for Directors to vote on relevant items to be considered by the Board, the Independent Board Committee's rights to engage independent financial advisors or other professional advisors, etc. The Company has reviewed the implementation and effectiveness of the aforesaid mechanisms and considers that the aforesaid mechanisms are able to ensure that the Board is provided with independent views and opinions.

(IV) Board Meetings and Director's Training

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

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

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

For the year ended December 31 2021, 12 Board meetings were held. For the Directors' attendance at the Board meetings and the Shareholders' General Meetings, please refer to the section headed Performance of Directors in this chapter.

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

The training of Directors during the reporting period is shown in the table:

Name	Training
Li Wei, Liu Jian, Xiao Yaomeng, Zhu Qingrui, Zhao Qingchun, Zhu Limin	On September 29, 2021, joining the first online training for Directors and Supervisors organized by Listed Companies Association of Shandong Province in 2021.
Huang Xiaolong	On September 29, 2021, joining the first online training for Directors and Supervisors organized by Listed Companies Association of Shandong Province in 2021. In December 2021, joining the 2021 tenth session of the Shanghai Stock Exchange's 2021 follow-up training for board secretaries of listed companies.
Poon Chiu Kwok	On September 29, 2021, joining the first online training for Directors and Supervisors organized by Listed Companies Association of Shandong Province in 2021. From January to December 2021, joining a number of training courses held in Hong Kong related to securities listing rules, "Company Law" and accounting, with a total training length of no less than 60 hours.

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

(V) Chairman and Chief Executive Officer

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

In 2021, the Chairman and Independent Non-executive Directors held a meeting without the presence of other Directors.

(VI) Non-Executive Directors

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

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

- to participate in the Board meetings of the Company, provide independent advice on matters involving strategy, policy, performance of the Company, accountability, resources, main appointments and codes of conduct;
- to play a leading and guiding role in the event of potential conflicts of interest;
- to act as members of the Audit Committee, Remuneration Committee, Nomination Committee, Strategy and Development Committee and Sustainable Development Committee;
- to scrutinize whether the performance of the Company achieves its objectives and targets, supervise and report the performance of the Company.

The Independent Non-executive Directors and other Non-executive Directors are required to propose independent, constructive and informed advice on the Company's formulation of strategies and policies.

(VII) Performance of Committees to the Board

For details, please refer to the relevant content of "Special Committees under the Board" in this section.

(VIII) Auditors' Remuneration

For details, please refer to the relevant content of Appointment and Dismissal of Auditors in Chapter 7, Significant Events.

(IX) Company Secretary

On July 30, 2021, the Board received the resignation report of Mr. Jin Qingbin. Mr. Jin Qingbin resigned as the Secretary of the Company's Board of Directors and the Company's Secretary. On the same day, the Company held the 13th meeting of the eighth Board of Directors and appointed Mr. Huang Xiaolong as the Secretary of the Board.

As reviewed and approved at the 15th meeting of the eighth session of the Board held on August 27, 2021, Mr. Huang Xiaolong was appointed as the Company's secretary, and Ms. Leung Wing Han Sharon was appointed as the Co-secretary of the Company.

Mr. Huang has long been engaged in the management of listed companies and investor relations， with a master degree in law and the professional title of senior economist. In terms of academic knowledge, professional qualifications and work experience, he is eligible to perform the duties of the Company's secretary. Mr. Huang is also a senior management personnel and knows much about the daily operation of the Company, so that he can ensure effective communication with Directors and other senior managers and help the Board to strengthen the corporate governance mechanism.

During the reporting period, Mr. Huang participated in relevant training organized by regulatory agencies in listed places for more than 15 hours.

On February 25, 2022, Ms. Leung Wing Han Sharon resigned as the Co-secretary of the Company. For details, please refer to the Company's announcement dated 25 February 2022 on the change of Co-secretary and authorised representatives.

As reviewed and approved at the 21st meeting of the eighth session of the Board held on 30 March 2022, Mr. Wong Wai Chiu was appointed as the Co-secretary of the Company.

Mr. Wong Wai Chiu is currently serving as a Co-Director of Fangyuan Enterprise Services Group (Hong Kong) Co., Ltd. He is well-experienced in compliance and listed Company secretarial industry.

The duties of the Company secretary are set out in detail in the Articles.

(X) Shareholder's Right

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

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

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

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

(XI) Investor Relations

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

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

The Company amends and perfects the Articles and other documents from time to time. Please refer to relevant contents in this section for details of revision.

2. Actively communicating with the investors

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

During the reporting period, the Company reported to investors on its business operations and collected opinions and recommendations on the Company from investors and capital market through face-to-face meetings at international and domestic road-shows. In order to facilitate its bidirectional communications with the capital market, the Company has actively participated in investment strategy meetings organized by brokers at home and abroad, invited investors Company site visits and also made full use of the "SSE e-interactive platform", hotlines, faxes and e-mails. The Company has had over 1200 person times contacts with analysts, fund managers and investors.

The Company emphasizes greatly on communications with Shareholders through Shareholders' general meetings, and encourages the minority Shareholders to participate in Shareholders' general meetings by various means such as Internet voting. The relevant directors (including independent non-executive directors), supervisors and senior managers of the Company shall attend the Shareholders' meeting. At the Shareholders' meeting, each proposal is submitted separately and all the proposals are voted by poll.

(XII) Information Disclosure

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

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

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

(XIII) Risk Management and Internal Supervision and Control

Please refer to the relevant content of this section for details.

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

All Directors acknowledge their responsibilities for preparing the accounts for the year ended 31 December 2021 as a true and fair reflection of the Company's financial situation, operating results and cash flows.

I. ENVIRONMENTAL INFORMATION

(I) Explanation On Environmental Protection Practices Of The Company And Its Subsidiaries In The List Of Key Pollutant Discharging Entities Released By The Environmental Protection Authorities

1. Pollutant discharging

During the reporting period, no significant environment pollution incidents occurred within the Group, which has not received any punishment due to significant violation of environment protection laws from environmental protection regulators. The Group has strictly abided by the laws and regulations to deal with environmental pollution, including Environmental Protection Law of the People's Republic of China, Prevention and Control of Atmospheric Pollution Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Solid Waste Pollution Prevention and Control Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, etc. The Group actively engages in pollution control to meet standards and criteria stipulated by relevant regulations, including Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011), Emission Standard of Air Pollutants for Boiler (GB13271-2014) and related regulations about national energy conservation and emission reduction.

In 2021, the coal mines affiliated to the Group are equipped with sound facilities for sewage process and dust control at coal stockyards, which operate in a stable manner, and the discharge of main pollutants, such as COD (chemical oxygen demand), ammonia nitrogen, SO_2, NOx, PM_{10}, meets all discharging standards. The power plants affiliated to the Group are equipped with sound facilities for exhaust gas management, which operate in a stable manner, and the discharge of main pollutants particles, such as smoke dust, SO_2, NOx, meets all discharging standards. The chemical plants affiliated to the Group are equipped with sound facilities for industrial sewage processing and boiler fuel gas management, which operate in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, PM, SO_2, NOx, meets all discharging standards. The Group has established an environmental protection management system and has been standardizing the environmental protection management process and work procedures, so as to prevent environmental pollution and ecological damage from the source and to strive to build itself into a resource-saving and environment friendly company.

All of the key pollutant discharging entities in the Group have applied for pollutant discharging certificates, and they discharged pollutants accordingly and within the total permitted discharging volume, which meet relevant environment protection requirements. The information of subsidiaries listed as key pollutant discharging entities released by the environmental protection authorities in 2021 are as follows:

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2021
1	Nantun Coal Mine (Key pollutant discharging entity in Shandong Province)				Integrated wastewater discharge standard for basin Part 1: Nansi Lake and Dongping Lake basin (DB37/3416.1-2018)	COD: 191.8 tons ammonia nitrogen: 9.6tons	COD: 26.2 tons ammonia nitrogen: 0.2 tons
2	Baodian Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 120.4 tons ammonia nitrogen: 6.0 tons	COD: 32.1 tons ammonia nitrogen: 0.2 tons
3	Yangcun Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 33.1 tons ammonia nitrogen: 1.7 tons	COD: 3.6 tons ammonia nitrogen: 0.1 tons
4	Dongtan Coal Mine Industrial Wastewater (Key pollutant discharging entity in Shandong Province)	industrial wastewater, household wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station		COD: 9.8 tons ammonia nitrogen: 0.4 tons	COD: 0 tons ammonia nitrogen: 0 tons
5	Jining No.2 Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 30.7 tons ammonia nitrogen: 2.9 tons	COD: 12.8 tons ammonia nitrogen: 0.2 tons
6	Jining No.3 Coal Mine (Key pollutant discharging entity in Shandong) Province					COD: 362.9 tons ammonia nitrogen: 18.1 tons	COD: 25.7 tons ammonia nitrogen: 0.7 tons
7	Heze Nenghua Zhaolou Coal Mine (Key pollutant discharging entity in Shandong Province)				"Integrated wastewater discharge standard for basin Part 1: Nansi Lake and Dongping Lake basin" (DB37/3416.1-2018)	COD: 95.4 tons ammonia nitrogen: 5.9 tons	COD: 15.5 tons ammonia nitrogen: 0.2 tons

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2021
8	Xinglongzhuang Coal Mine (Key Industrial wastewater discharging entity in Shandong Province, National key pollutant discharging entity of household waste water)				"Integrated wastewater discharge standard for basin Part 1: Nansi Lake and Dongping Lake basin" (DB37/3416.1-2018), "Emission Standard of Pollutants for Urban Sewage Treatment Plants" (GB 18918-2002)	COD: 109.0 tons ammonia nitrogen: 5.5 tons	COD: 0.6 tons ammonia nitrogen: 0.005 tons
9	Tianchi Coal Mine of Shanxi Neng Hua (Key pollutant discharging entity of Jinzhong City)				"Environmental quality standards for surface water" (GB3838-2002)	No total emission requirements for COD and ammonia nitrogen	COD: 3.5 tons ammonia nitrogen: 0.2 tons
10	Coal to Oil Branch of Future Energy Company (National key pollutant discharging entity)	Boiler flue gas	PM (particulate matter), SO_2, NOx	Smoke and gas discharged to the air after purification, and the waste water recycled for utilization after treatment in waste water treatment station and the remaining discharged	"Emission Standard of Air Pollutants for Boilers in Shaanxi Province" (DB61/1226-2018)	PM: 96.6 tons SO_2: 668.2 tons NOx: 1,169.9 tons	PM: 27.3 tons SO_2: 68.7 tons NOx: 637.2 tons
11	Zhuanlongwan Coal Mine of Ordos Neng Hua (Ordos City key pollutant discharging entity)				"Emission Standard of Air Pollutants for Boilers" (GB13271-2014)	PM: 10.8 tons SO_2: 51.8 tons NOx: 64.8 tons	PM: 5.7 tons SO_2: 6.7 tons NOx: 41.8 tons
12	Shilawusu Coal Mine of Haosheng Company (Ordos City pollutant discharging entity)					PM: 23.5 tons SO_2: 107.2 tons NOx: 81.0 tons	PM: 2.5 tons SO_2: 33.1 tons NOx: 27.5 tons
13	Jinjitan Coal Mine (Yulin City key pollutant discharging entity)				"Emission Standard of Air Pollutants for Boilers" (GB13271-2014)	PM: 6.1 tons SO_2: 20.4 tons NOx: 40.7 tons	PM: 1.1 tons SO_2: 8.6 tons NOx: 18.6 tons
14	Rongxin Chemicals of Ordos Neng Hua (National key air pollutant discharging entity)				"Emission standard of air pollutants for thermal power plants" (GB13223-2011)	PM: 613.8 tons SO_2: 1,682.4 tons NOx: 1,823.8 tons	PM: 5.8 tons SO_2: 114 tons NOx: 301 tons

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2021
15	Zhaolou Power Plant (National key pollutant discharging entity)			Smoke and gas discharged to the air after purification	"Emission standard of air pollutants for thermal power plants in Shandong Province" (DB37/664-2019)	PM: 34.6 tons SO_2: 242.4 tons NOx: 346.3 tons	PM: 8.5 tons SO_2: 43.1 tons NOx: 180.7 tons
16	Jining No.3 Power Plant (National key pollutant discharging entity)					PM: 32.4 tons SO_2: 226.9 tons NOx: 319.0 tons	PM: 5.2 tons SO_2: 30.1 tons NOx: 275.6 tons
17	Power Plants affiliated to Inner Mongolia Mining Company (Ulan Qab key pollutant discharging entity)				"Emission standard of air pollutants for thermal power plants" (GB13223-2011)	PM: 374 tons SO_2: 1,522.1 tons NOx: 1,522.1 tons	PM: 28.6 tons SO_2: 139.4 tons NOx: 377.4 tons
18	Yulin Neng Hua (National key pollutant discharging entity)	Boiler flue gas, industrial wastewater, household sewage	PM, SO_2, NOx, COD, ammonia nitrogen	Smoke and gas discharged to the air after purification, and the waste water recycled for utilization after treatment in waste water treatment station and the remaining discharged	"Emission Standard of Air Pollutants for Boilers in Shaanxi Province" (DB61/1226-2018), "Integrated wastewater discharge standard of Yellow river basin in Shaanxi Province" (DB61/224-2018)	PM: 169.8 tons SO_2: 1,042.7 tons NOx: 590.8 tons COD: 90.5 tons ammonia nitrogen: 14.5 tons	PM: 16 tons SO_2: 134.3 tons NOx: 259.8 tons COD: 15.4 tons ammonia nitrogen: 0.8 tons
19	Lunan Chemicals Company (National key air pollutant discharging entity)				"Emission standard of air pollutants for thermal power plants in Shandong Province" (DB37/664-2019), "Regional and Integrated Emission Standard of Air Pollutants" (DB37/2376-2019) "Integrated wastewater discharge standard for basin Part 1: Nansi Lake and Dongping Lake basin" (DB37/3416.1-2018)	PM: 73.6 tons SO_2: 380.6 tons NOx: 543.7 tons COD: 501.0 tons ammonia nitrogen: 79.5 tons	PM: 23 tons SO_2: 148.4 tons NOx: 330 tons COD: 376 tons ammonia nitrogen: 13.7 tons

2. *Construction and operation of pollution control facilities*

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

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
1	Nantun Coal Mine	A mine water treatment station and a domestic sewage treatment station have been established as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. High salt mine water treatment facility is under construction.
2	Heze Neng Hua Zhaolou Coal Mine	
3	Dongtan Coal Mine	A mine water treatment station, a household wastewater treatment station and high salt mine water treatment facility have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up.
4	Jining No.2 Coal Mine	
5	Jining No.3 Coal Mine	
6	Baodian Coal Mine	
7	Yangcun Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up.
8	Xinglongzhuang Coal Mine	
9	Shanxi Neng Hua Tianchi Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up.
10	Zhuanlongwan Coal Mine of Ordos Neng Hua	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. There are also 3 boilers with the capacity of 20 steam tons per hour each, which are all equipped with dedusting, desulfurization and denitration facilities and are in normal running.

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
11	Shilawusu Coal Mine of Ordos Neng Hua	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. There are also 1 circulating fluidized bed boiler with the capacity of 45 steam tons per hour, 3 boilers with the capacity of 20 steam tons per hour each, which are equipped with dedusting, desulfurization and denitration facilities and are in normal operation.
12	Jinjitan Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. There are also 2 boilers with the capacity of 65 steam tons per hour each, which are equipped with dedusting, desulfurization and denitration facilities and are in normal operation.
13	Future Energy	An industrial water treatment plant has been built and is in normal operation, which discharges the waste water after treatment for recycling use after further treatment. There are also 3 coal-powder boilers with the capacity of 480 steam tons per hour each in normal operation, which are all equipped with dedusting, desulfurization and denitration facilities that have completed ultra-low emission retrofit and are in normal operation.
14	Yulin Neng Hua	An industrial wastewater treatment station has been built as required and is in normal operation. There are also 3 coal-powder boilers with the capacity of 260 steam tons per hour each, which are all equipped with dedusting, desulfurization and denitration facilities, which have completed ultra-low emission retrofit and are in normal operation.
15	Rongxin Chemicals of Ordos Neng Hua	A mine water treatment station and a domestic sewage treatment station have been built as required, which are all in normal operation. There are also 3 circulating fluidized bed boilers with the capacity of 220 steam tons per hour each, which are all equipped with dedusting, desulfurization and denitration facilities that have completed ultra-low emission retrofit and are in normal operation.

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
16	Lunan Chemicals	An industrial waste water treatment plant has been built as required and is in normal operation. There are also 4 circulating fluidized bed boilers with the capacity of 130 steam tons per hour each, 1 with the capacity of 260 steam tons and 1 with the capacity of 480 steam tons, which are all equipped with dedusting, desulfurization and denitration facilities and have completed ultra-low emission retrofit.
17	Zhaolou Power Plant	1 boiler has been built with the capacity of 1,025 steam tons per hour, which is equipped with dedusting, desulfurization and denitration facilities and has achieved ultra-low emission retrofit and is in normal operation.
18	Jining No.3 Power Plant	There are 2 boilers with total capacity of 880 steam tons per hour, which are all equipped with dedusting, desulfurization and denitration facilities and have achieved ultra-low emission retrofit and are in normal operation.
19	Hongda Industry Inner Mongolia Mining	There are 2 boilers with total capacity of 2,478 steam tons, which are all equipped with dedusting, desulfurization and denitration facilities and have achieved ultra-low emission retrofit and are in normal operation.

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

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

4. Emergency plan for emergency environmental incidents

Based on the risk assessment of environmental emergencies and the investigation on emergency resources, the Company has worked out Emergency Plan for Environmental Emergencies, which has been reviewed by experts and filed at the local ecological environment authority. At the same time, we have strengthened emergency facilities, carried out regular emergency drills to improve our capacity of preventing and reducing controlling environmental pollution incidents so as to fully meet relevant requirements.

5. Environmental self-monitoring program

The coal mines affiliated to the Group all are equipped with sewage online monitoring systems and PM_{10} coal field online monitoring facilities. The boilers of power plants are all equipped with exhaust gas online monitoring facilities. The chemical enterprises are all equipped with industrial waste water and boiler exhaust online monitoring facilities. All these online monitoring facilities are connected to the monitoring platform of the government department for ecological environment to realize real-time supervision. Each production unit of the Group has prepared self-monitoring plans, carried out self-monitoring regularly, and disclosed monitoring information of key pollution sources to the public as required. The main methods of monitoring are online monitoring and entrusted monitoring.

(1) On-line monitoring

i. mine water

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

ii. household wastewater

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

iii. industrial wastewater

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

iv. boiler smoke

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

v. online monitoring of PM_{10} in coal yard

On-line monitoring of PM_{10} in coal yard exit is carried out by a third party as required once an hour and monitoring data are connected to government monitoring platform monitoring platform in real time.

(2) *entrusted monitoring*

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

ii. The Group has entrusted a third party to implement manual monitoring of Ringelman emittance, PM, SO_2 and NOx, quarterly.

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

iv. The monitoring of radioactive sources has been conducted by a third party as required yearly.

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

No.	Penalty Entities	Inspection Authorities	Notification Number	Issues	Penalty (RMB10 thousand)
1	Nantun Coal Mine	Jining City Ecological Environment Bureau	Ji Huan Fa Zi [2021] No. 70	The concentration of sulfate and total salt content in external drainage exceeds the standard "Integrated wastewater discharge standard for basin Part 1: Nansi Lake and Dongping Lake basin" (DB37/3416.1-2018).	74
2	Dongtan Coal Mine	Jining City Ecological Environment Bureau	Ji Huan Fa Zi [2021] No. 72		72
3	Jining No.3 Coal Mine	Jining City Ecological Environment Bureau	Ji Huan Fa Zi [2021] No. 74		72
4	Zhaolou Coal Mine	Heze City Ecological Environment Bureau	He Huan Fa Zi [2021] No. W030202		66.25
5		Yuncheng County Branch of Heze City Ecological Environment Bureau	He Yun Huan Fa Zi [2021] No. 3021514		86.5
6		Heze City Ecological Environment Bureau	He Huan Fa Zi [2021] No. Z0705006		79.75
7	Lunan Chemicals	Tengzhou County Branch of Zaozhuang City Ecological Environment Bureau	Teng Huan Fa Gao Zi [2021] No. 101	1. Some coal cinder was stored in the open air without sealing measures being taken; 2. For production and service activities that generate waste gas with volatile organic compounds, no emission reduction measures were taken.	114.25

No.	Penalty Entities	Inspection Authorities	Notification Number	Issues	Penalty (RMB10 thousand)
8	Shilawusu Coal Mine	Yijinhuoluo Branch of Ordos City Ecological Environment Bureau	E Huan Yi Fa [2021] No. 32	Coal slurry in coal preparation plants was stored in open air without sealing or effective pollution prevention measures being taken.	10
9		Yijinhuoluo Branch of Ordos City Ecological Environment Bureau	E Huan Yi Fa [2021] No. 87	The gangue produced by the coal mine was discharged to the mining pit of Kaokaolaigou Coal mine in Yijinhuoluo, and the gangue was not disposed in accordance with the EIA request.	10
10	Jinjitan Coal Mine	Yulin City Ecological Environment Bureau	Shaan K Huan Fa [2021] No. 54	The online monitoring history report of the broilers show that sulfur dioxide and nitrogen oxide emissions exceeded the standard for a long time.	20
11		Yulin City Ecological Environment Bureau	Shaan K Huan Fa [2021] No. 170	The supporting construction coal preparation plant with the capacity of 8 million tons/year for coal washing and selecting was not tested at first before put into operation.	30
12	Hongda Industry Inner Mongolia Mining	Xinghe County Branch of Ulanqab City Ecological Environment Bureau	Xing Huan Fa Zi [2021] No. 1	In part of the time, the average hourly emission of nitrogen oxide exceeded the standard.	60
				Total	694.75

7. Other environmental information that should be disclosed

Not applicable.

(II) Environmental Protection Statement For Companies Other Than The Key Pollutant Discharging Entities

1. Administrative penalties due to environmental issues

Not applicable.

2. Disclosure of other environmental information with reference to key pollutants

Not applicable.

3. *Reasons for not disclosing other environmental information*

In accordance with the principles of source prevention, process control, and end treatment, the Group implements clean production and carries out pollution prevention in order to minimize the impact of production on the environment. At the same time, the Group actively carries out water and soil conservation, subsided area management, reclamation and greening, ecological construction, etc., in order to protect and improve the local ecological environment. The companies or subsidiaries other than the key pollutant discharging entities are mainly involved in energy resource consumption and emission from daily office operations and have minor impacts on the environment, so they did not disclose environmental information. In addition, these companies strictly abide by the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China, the Air Pollution Prevention Law of the People's Republic of China, and the Solid Waste Pollution Prevention Law of the People's Republic of China. Pollution control facilities have been built in accordance with the requirements of the environmental approval, and they are operating normally without exceeding the discharge standards. The total amount of pollutants discharged meets the total discharge amount approved by the superior authority.

(III) Relevant Information That Is Conducive To Protecting Ecology, Preventing Pollution, And Fulfilling Environmental Responsibilities

The Group actively explores the coordinated development of coal resource development and ecological restoration and governance, promotes energy-saving technological transformation and the construction of key projects such as mine water and air pollution prevention and control, and continues to improve the environment in the mining area. The construction of key environmental protection projects during the reporting period is as follows:

1. Deep treatment facilities for high salinity mine water in Nantun Coal Mine, Dongtan Coal Mine, Jining No. 2 Coal Mine, Jining No. 3 Coal Mine, Zhaolou Coal Mine, and Shilawusu Coal Mine have been built, of which Nantun Coal Mine and Zhaolou Coal Mine will be put into operation by the end of June 2022, and Dongtan Coal Mine, Jining No. 2 Coal Mine, Jining No. 3 Coal Mine as well as Shilawusu Coal Mine have been commissioned and put into trial operation. The sulfate radical of drainage is controlled under 650mg/L and the total salt content under 1600mg/L so as to meet the discharge standards and improve the water quality of receiving water bodies.

2. Use low-emission electric equipment to replace 81 units of non-road mobile machinery below the National II emission standard, or equipment above the National III emission standard and to effectively reduce particulate matter and nitrogen oxide emissions in the exhaust gas, and improve the air quality of the work area and the surrounding environment.

3. Implement the upgrade and transformation of VOCs treatment facilities in 6 coal mines, including Dongtan Coal Mine and Jining No.3 Coal Mine, and in the course of disposing of painting-induced gas use catalytic combustion process to replace the original photo-oxygen catalytic process, which can further reduce VOCs total emissions.

(IV) Measures And Effects Taken To Reduce Carbon Emissions During The Reporting Period And Their Effects.

The Group continued to carry out energy saving and consumption reduction work, actively carried out research on carbon emissions and pollutant emissions control, and promoted carbon emission reduction. At the same time, the Group also actively participates in the International Carbon Disclosure Program (CDP) to disclose the Company's carbon emission management and performance, and promote the Company's low-carbon development. Measures to reduce carbon emissions during the reporting period are as follows:

1. The mine water heat recovery and utilization project of Xinglongzhuang Coal Mine was completed and put into operation, which can save 12,100 GJ/year of purchased steam and realize comprehensive energy saving benefits of 412 tons of standard coal/year, which is equivalent to 1,096 tons of carbon dioxide emissions.

2. The Group has accelerated the construction of 5 energy-saving projects, namely, Baodian Coal Mine 35kV Substation Reactive Power Compensation Reform Project, Dongtan Coal Mine Washing System Process Optimization Project, Jining No.3 Coal Mine Beijiao Second Belt Conveyor Frequency Conversion Project, Zhaolou Frequency Conversion Transformation Project of the Coal Caving System at the Underground Transfer Point of the Coal Mine, and the Heat Recovery and Utilization Project of the Air Compression System of the Zhuanlongwan Coal Preparation Center. After the completion of the above-mentioned projects, it is estimated that the Group can save 8.71 million KWH of electricity per year and achieve comprehensive energy-saving benefits of 1,070 tons of standard coal per year, which is equivalent to 2,846 tons of carbon dioxide emissions.

3. Nine projects were put into operation, including the upgrading and renovation of refrigeration system of acetic acid II unit for Lunan Chemicals, reuse of treated underground water in Jinjitan Coal Mine, research and application of energy recovery and utilization of low-temperature methanol washing system for Coal to Oil Branch of Future Energy Company, which will save electric energy 7.5349 million KWH/year, recycle chemical purge gas 80,000 m^3/year, achieve comprehensive energy-saving benefit 6,033.27 tons of standard coal/year, equivalent to 16,048 tons of carbon dioxide reduction.

II. OVERVIEW OF SOCIAL RESPONSIBILITY WORK

In 2021, the Company ranked first in the domestic coal industry in the International Carbon Disclosure Program (CDP) rating, ranked fifth in the global coal industry in S&P Global Corporate Sustainability Assessment, and won the honor of outstanding Enterprise in the social responsibility report of National Coal industry. The Company is one of the first listed companies in A+H stock exchange to actively disclose the Environment, Social and Governance report (2020 and before the social responsibility report, hereinafter referred to as the "ESG report"), and has issued ESG report for 14 consecutive years. Please refer to the Company's 2021 annual ESG report.

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

In 2021, the Group continued to implement rural revitalization as a way to fulfill its social responsibilities, enhance the Company's core competitiveness and build a good corporate image. The Group implemented the five-in-one assistance revitalization plan of "organizational revitalization, industrial revitalization, material revitalization, cultural revitalization, and ecological revitalization" in villages in corporate locations to deepen local-enterprise cooperation, drive local government's development and prompt rural areas to revitalize themselves.

In terms of organizational revitalization, the Group adheres to guiding of Party Construction and sent the selected people to the village in Huangdian Town, Dingtao District, Heze City for the three first secretaries to implement paired assistance, propel the team construction of "two committees" and exert themselves to the trial election of "two committees" in the village. The Group carried out the campaign "Listen to the will of the people" in order to communicate with the people face to face and receive their feedback so that the relations between the Party and masses and between cadres and masses can be further harmonized. In terms of industrial revitalization, the Group led the development of industry projects of characteristic planting, explored the industry model of "Party branch + enterprise + cooperative", developed planting projects of organic vegetables, edible mushrooms, grapes and honeysuckle, which can provide channels for villagers to increase their income through labor. In Dazhanglou village, more than 210 acres land was alternatively used, on which cash crops, such as traditional Chinese medicinal materials, leaf mustard and sweet corn were planted alternatively, which increased the collective income by RMB120,000 and the villagers' income by RMB600,000. The Group led the development of Agro-mechanization service industry, registered and established agro-mechanization service cooperatives, with RMB955,000 invested to purchase agricultural machinery equipment that operated in summer and autumn, which increased collective income by more than RMB200,000. In terms of material revitalization, the Group provided coal at "heart-warming" cost price to corporate locations such as Yijinhuoluo and Wushen, Inner Mongolia as well as Yuncheng County in Heze City to ensure that local residents stay warm during the winter. The Group actively carried out the campaign of "Revitalizing 100 villages through 100 enterprises" in Ordos, and donated RMB2 million to 4 designated villages, such as Anya Village, Yuyang District, Yulin City, for the project construction of local infrastructure and new happiness homes for mutual help between the elderly. The Group also actively donated funds and support materials such as masks, disinfection supplies, food and clothing to towns and villages to make joint efforts to build a "pandemic prevention wall". In terms of cultural revitalization, the government strengthened investment in the construction of new era civilization practice stations, built culture street ruled by law, new era civilization practice square, culture street focusing on family rules, culture corridor focusing on integrity and virtue, and culture corridor focusing on self-development as circle zones, forming a cultural node pattern of "one axis and five zones". Activities such as "Beautiful Courtyard", "Listening to veterans' stories" and "We share the same fate with the People's Republic of China" were carried out to promote the fine family rules and strengthen the feelings of patriotism. Activities of "publicity of the legal system in rural areas" and "publicity of the Civil Code in rural areas" were carried out to guide villagers to study, understand, abide by, and apply the law. In terms of ecological revitalization, the Group continued to improve infrastructure construction and allocated more than RMB800,000 of funds to strongly promote afforestation, beautification and lighting projects so that rural areas have taken on a new look and the living environment has been further improved.

I. PERFORMANCE OF UNDERTAKINGS

(I) Undertakings Of The Actual Controller Of The Company, The Shareholders, The Related Parties, The Buyer, The Company And Other Related Parties During The Reporting Period Or Extended To The Reporting Period

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

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

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
	Other	Shandong Energy	On 30 September 2020, Shandong Energy and Yankuang Energy signed the "Equity and Assets Transfer Agreement" agreeing that Yankuang Energy will acquire relevant assets of Shandong Energy for approximately RMB18.355 billion in cash (the "Transaction"), including Future Energy 49.315% equity, 100% equity of Fine Chemicals, 100% equity of Lunan Chemical, 100% equity of Chemical Equipment, 100% equity of Supply and Marketing Company, 99% equity of Jining No.3 Power Plants) (the foregoing subjects are collectively referred to as the "Target Companies", and the foregoing equity interests are referred to as the "Target Equity") and related assets of the Information Center of Shandong Energy. Based on the confidence in the future development prospects of the target companies and referring to the asset appraisal report filed by the competent state-owned regulatory authority, Shandong Energy agreed to make the following commitments regarding the performance of the target equity in the next three years 1. Shandong Energy promised that for 2020-2022 (the "Commitment Period"), calculated in accordance with CASs, the total amount of the audited net profit ("Net Profit") attributable to shareholders of the parent company after deducting non-recurring gains and losses corresponding to the underlying equity will not be less than RMB4.314 billion ("Committed Net Profit"). At the same time, Shandong Energy's promised net profit is determined with reference to the asset appraisal report filed by the competent state-owned regulatory authority. Future Energy and Jining No. 3 Power Plant's promised net profit are determined in accordance with the equity proportions participating in the transaction, namely 49.315% and 99%.	2020-2022	Yes	Yes	Under normal performance	None

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			2. If after the end of the commitment period, the total amount of actual net profit corresponding to the target equity does not reach the promised net profit, Shandong Energy will compensate Yankuang Energy in cash. The specific compensation amount is based on the gap between the committed net profit and the actual net profit corresponding to the target equity. Among them, the actual net profit corresponding to 49.315% equity of Future Energy or 99% equity of Jining No.3 Power plants = (Net profit of Future Energy or Jining No. 3 Power Plant attributable to shareholders of the parent company after deducting non-recurring gains and losses in each year) × Future Energy or Jining No.3 Power Plane's equity ratio in this transaction. The actual net profit for each year shall be determined based on the net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses confirmed in the special audit report issued by the accounting firm engaged by Yankuang Energy and Shandong Energy. The accounting firm shall be jointly recognized by Shandong Energy and Yankuang Energy. 3. Shandong Energy promises to perform all the compensation obligations after the issuance of the special audit report of the target companies, and within 30 days after receiving the notice from Yankuang Energy that clarifies the specific amount to be compensated during the commitment period.					

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			4. If during the commitment period due to force majeure ("Force majeure" refers to objective circumstances that cannot be foreseen, unavoidable and cannot be overcome when the Shandong Energy and Yankuang Energy signed the "Equity and Asset Transfer Agreement", including but not limited to: Natural disasters, such as earthquakes and tsunamis, typhoons, volcanic eruptions, landslides, avalanches, mudslides, epidemics, etc.; Social abnormal events, such as wars, armed conflicts, strikes, riots, uprising, etc.; Changes in laws, regulations or policies, government control orders or decisions, which lead to the fact that the normal production and operation of the target companies is materially and adversely affected or the target companies are no longer controlled by Yankuang Energy. From the year in which the foregoing situation occurred (including the year), according to the degree of influence of the foregoing circumstances, Shandong Energy may adjust the amount of committed net profit and other content accordingly.					

(II) Explanation On Whether The Company Achieves The Original Profit Forecast For Assets And Projects And Its Reasons If There Is Profit Forecast For Assets And Projects And The Report Period Is Still In The Period Of Profit Forecast.

Not applicable

(III) Overview Of Fulfillment Of Performance Commitment And Its Impact On The Goodwill Impairment Testing.

Not applicable

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

Not applicable.

III. VIOLATION OF GUARANTEES

Not applicable.

IV. EXPLANATION OF THE BOARD ON THE "NON-STANDARD AUDIT OPINION REPORT" OF THE ACCOUNTING FIRM

Not applicable.

V. THE COMPANY'S ANALYSIS AND EXPLANATION ON THE REASONS AND EFFECTS OF CHANGES OF ACCOUNTING POLICES AND ACCOUNTING ESTIMATES OR SIGNIFICANT ACCOUNTING ERROR CORRECTION

(I) The Company's Analysis And Explanation On The Reasons And Impact Of The Changes Of Accounting Polices And Accounting Accounting Estimates

Not applicable.

(II) The Company's Analysis And Explanation On The Reasons And Impact Of Significant Accounting Error Correction

Not applicable.

(III) Communication With The Former Accounting Firm

Not applicable.

(IV) Other Explanations

Not applicable.

VI. DETAILS ON EMPLOYMENT AND DISMISSAL OF ACCOUNTING FIRMS

RMB0'000

	Appointed firms at present
Name of the A Share accounting firm	ShineWing Certified Public Accountants LLP
Remuneration for the A Share accounting firm	790 (including remuneration for internal control)
Audit duration of the A Share accounting firm	From June 2008 to present
Name of the H Share accounting firm	SHINEWING (HK) CPA Limited
Remuneration of the H Share accounting firm	200
Audit duration of the H Share accounting firm	From March 2017 till now

	Name	Remuneration
Internal control audit accounting firm	ShineWing Certified Public Accountants LLP	220

Explanation on engagement and dismissal of accounting firms

Reviewed and approved at the 2020 annual general meeting held on June 18, 2021, ShineWing Certified Public Accountants LLP and ShineWing (HK) Certified Public Accountants Limited were appointed as accountants for A Share and H Share, who are responsible for auditing, reviewing and internal control audit evaluation of company's financial statements. The term of responsibility begins at the end of the 2020 annual general meeting and ends at the end of the 2021 annual general meeting.

The Company paid RMB9.9 million for audit services of domestic and overseas business in 2021, including RMB7.9 million paid to ShineWing Certified Public Accountants LLP, RMB2 million paid to SHINEWING (HK) CPA Limited. The Company bears board and lodging costs induced by the accountants during the period of working in the Company, and does not bear travel and other expenses. The Board was authorized to decide to pay for additional services such as follow-up audit and internal control audit evaluation due to the addition of new subsidiaries or changes in supervisory and regulatory rules.

The Board of the Company believes that, except for the audit service fees for business, other service fees paid by the Company to accountants will not affect the independent audit opinions of accountants.

Under the Hong Kong regulation Financial Reporting Council Ordinance (FRC), Chapter 588 (came in force from 1 October 2019), the accountant SHINEWING (HK) CPA Limited for the year 2021 appointed by the Company is a registered public interest entity auditor. In the past three years, the auditors of the Company have not been changed.

Explanation on changing the engagement of accounting firm during the audit period

Not applicable.

VII. EXPLANATION ON DELISTING RISKS

(I) Reasons For Delisting Risk Warning

Not applicable.

(II) Countermeasures To Be Taken By The Company

Not applicable.

(III) Overview And Reasons For Termination Of Listing

Not applicable.

VIII. MATTERS RELATED TO BANKRUPTCY REORGANIZATION

Not applicable.

IX. SIGNIFICANT LITIGATION AND ARBITRATION EVENTS

(I) Litigation And Arbitration Events Disclosed In The Extraordinary Announcements And With No Subsequent Progress

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

(II) Litigation And Arbitration Not Disclosed In Extraordinary Announcements Or With Subsequent Progress

Unit: RMB0'000

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Weihai Commercial Bank Co., Ltd ("Weihai Commercial Bank")	Yankuang Energy	Shandong Hengfeng Power Fuel Co., Ltd. ("Hengfeng Company") and 6 other persons with joint and several liabilities	Litigation	In October 2015, citing the financial loan contract dispute, Weihai Commercial Bank filed a case in Jining Intermediate People's Court ("Jining Intermediate Court") against 8 defendants including Hengfeng and Yankuang Energy, requiring Hengfeng Company to repay the loan principal of RMB99.119 million and corresponding interest. Because Hengfeng Company made a pledge to the plaintiff through its account receivables of RMB103.42 million by Yankuang Energy (suspect of counterfeit), Weihai Commercial Bank required Yankuang Energy bear the liability of repayment within the amount of the account receivables. In October 2018, the Company received the first-instance judgement and lost the case. The Company lodged an appeal to Shandong Higher People's Court ("Shandong High Court"). In May 2019, it was the ruling of the second instance of the Shandong High Court that the case shall be reheard in Jining Intermediate Court for retrial. In January 2020, Jining Intermediate Court rejudged and rejected the lawsuit of Weihai Commercial Bank at the first instance. Then, Weihai Commercial Bank appealed to Shandong High Court. In December 2020, the Shandong Higher People's Court retrial of the second instance ruled that Yankuang Energy shall bear 30% compensation liability for the part that Hengfeng Company cannot liquidate within the scope of the pledge of accounts receivable. The Company applied to the Supreme People's Court ("Supreme Court") for a retrial. In April 2021, the Supreme Court rejected the retrial application. In May 2021, Weihai Commercial Bank applied for court enforcement, and the Company paid RMB58,788,200 to Weihai Commercial Bank.	9,911.90	No	Concluded	The Company paid RMB58.7882 million to Weihai Commercial Bank	Executed

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
China Construction Bank Jining Dongcheng Subbranch ("CCB Jining Dongcheng Subbranch")	Yankuang Energy	Chai Tao and other 4 persons with several and joint liability	Litigation	In November 2015, CCB Jining Dongcheng Sub-branch sued 7 defendants, including Hengfeng and Yankuang Energy, to Jining Intermediate People's Court ("Jining Intermediate Court") on the grounds of financial loan contract disputes, requesting Hengfeng to repay the loan principal of RMB59.669 million and corresponding interest. As Hengfeng pledged its account receivables by Yankuang Energy of RMB79.1312 million (suspected for counterfeiting) to CCB Jining Dongcheng Sub-branch, CCB Jining Dongcheng Sub-branch requested Yankuang Energy to repay as per the pledged accounts receivable of RMB79.1312 million. In April 2018, Jining Intermediate Court ruled that Yankuang Energy should bear the priority liability of repayment in an amount within the pledged accounts receivable of RMB79.1312 million. The Company lodged an appeal to Shandong High Court. In December 2018, Shandong High Court ruled at the second instance that the case shall be reheard by Jining Intermediate Court. In May 2020, the Jining Intermediate People's Court retrialed in the first instance that Yankuang Energy shall bear one-third of the compensation liability for the part that Hengfeng Company cannot pay off within the scope of the pledge of accounts receivable. The Company appealed to Shandong Higher People's Court. In May 2020, Shandong High Court retrialed in the second instance that Yankuang Energy should bear 70% of the compensation liability within the scope of pledged accounts receivable. In July 2021, the Company appealed to the Supreme Court for retrial. In January 2022, the Supreme Court rejected the Company's application for retrial.	5,966.90	No	Concluded	The Company paid RMB79,631,200 to CCB Jining Dongcheng subbranch	Executed

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Yankuang Energy	Rizhao Shandong Energy International Logistics Co., Ltd. ("Shandong Energy International")	No	Litigation	In November 2016, citing Shandong Energy International breaching the Coal Sales Contract, the Company appealed to Rizhao Intermediate Court, requesting Shandong Energy International to repay RMB80 million to the Company as goods payment and corresponding interest. In November 2018, the Company received the judgment of Rizhao Intermediate Court at the first trial that Yankuang Energy won the suit. Shandong Energy International lodged an appeal at Shandong High Court. In June 2019, Shandong High Court ruled at the second instance of the case to be reheard by Rizhao Intermediate Court. In October 2020, the Rizhao Intermediate People's Court reevaluated Yankuang Energy in the first instance and won the case. Shandong Energy International appealed to Shandong Higher People's Court. In May 2021, the Shandong Higher People's Court's retrial of the second instance ruled that Yankuang Energy lost the case.	8,000.00	No	Concluded	The Company has made full provision for impairment of the funds involved in this case in the previous period, and this litigation will not have an adverse impact on the Company's profit after the period.	–
China Construction Bank Jining Guhuailu Branch ("CCB Jining Guhuailu Branch")	Yankuang Energy	Jining Liaoyuan Trade Co., Ltd. ("Jining Liaoyuan") and other 6 persons with joint and several liability	Litigation	In June 2017, citing the financial loan contract dispute, CCB Jining Guhuailu Branch, as the plaintiff, sued against 8 defendants including Jining Liaoyuan and Yankuang Energy to Jining Intermediate Court, requiring Jining Liaoyuan to repay loan principal of RMB95.8596 million and corresponding interest. Since Jining Liaoyuan pledge accounts receivables of RMB90.52 million by Yankuang Energy (suspected of a counterfeit) to CCB Jining Guhuailu Branch, CCB Jining Guhuailu Branch required the Company to make repayment within scope of the accounts receivable.	9,052.00	No	concluded	The Company paid RMB49,243,900 to the Guhuailu Branch of China Construction Bank.	Executed

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
				In January 2018, Jining Intermediate Court heard the case. The Company applied for judicial authentication of the seals and signatures in relevant evidences at the court. The judicial authentication verified that the signatures are real and the seals are forged. In November 2018, the Company lost the suit at the first trial and the Company lodged an appeal to Shandong High Court. In August 2019, Shandong High Court ruled the case to be reheard by Jining Intermediate Court. In April 2020, Jining Intermediate People's Court ruled to dismiss the plaintiff's claim against the Company, and the Company was CCB Jining Guhuailu Branch appealed to Shandong Higher People's Court exempted from liability. In October 2020, Shandong Higher People's Court retrialed in the second instance and decided that Yankuang Energy was liable for 50% of the compensation for the unpaid part of Jining Liaoyuan within the scope of the pledge of accounts receivable. The Company lodged an appeal to the supreme court for retrial. In May 2021, CCB Jining Guhuailu Branch applied for court enforcement, and the Company paid RMB67,164,400 to CCB Jining Guhuailu Branch. In December 2021, according to the retrial ruling of the Supreme People's Court, the recovery of RMB17.920,500 was executed. The Company eventually paid RMB49.2439 million to China Construction Bank Gu Huailu Branch.					

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Xiamen Xinda Co., Ltd. ("Xiamen Xinda")	Shandong Zhongyin Logistics Co., Ltd. ("Zhongyin Logistics")	Yankuang Energy	Litigation	In March 2020, Xiamen Xinda sued Zhongyin Logistics and Yankuang Energy to the Xiamen Intermediate People's Court ("Xiamen Intermediate Court") on the grounds of the dispute over the sale and purchase contract, requesting Zhongyin Logistics to return the principal of the purchase price and the corresponding interest RMB232.6609 million. The Company is required to bear joint liability. At present, Xiamen Intermediate Court has not yet made a ruling.	23,266.09	No	In the first instance	The case is currently in the procedure at the first instance. The Company is unable to assess the impact on the Company's profit after the period.	-
Yankuang Energy	Bill debtors including Baota Shenghua Trading Group Co., Ltd, Inner Mongolia Yanmeng Coal Transportation and Sales Co., Ltd. etc.	Bill debtors including Baota Petrochemical Group Finance Co., Ltd ("Baota Finance Company"), Baota Petrochemical Group Co., Ltd. etc.	Litigation	In January 2019, citing the bills dispute, the Company appealed in 89 cases against related bills debtors to Liangshan People's Court, requiring the Company to exercise its rights of recourse to the bills. The Company holds 150 pieces of acceptance bills made by Baota Finance Company as the payer, with a total amount of RMB272.1 million. As Baota Finance Company cannot meet the due payment, the Company exercises the right of recourse to safeguard the legitimate rights and interests. The Company has recovered RMB3 million in two cases, which were settled; the remaining 87 cases were transferred to Yinchuan Intermediate Court. At present, Yinchuan Intermediate People's Court has made first-instance judgments on the aforementioned 87 cases. Yankuang Energy has won the cases. Among them, 85 cases have been applied to Yinchuan Intermediate Court for enforcement.	27, 210.00	No	The relevant cases have been closed or won in the first instance.	As of the end of the reporting period, the Company has made impairment provision for the full amount involved in this case, and this lawsuit will not adversely affect the Company's profit after the period.	-
CRRC Shijiazhuang Vehicle Co., Ltd, Shijiazhuang Gongbei Heavy Machinery Co., Ltd. and other holders	Yankuang Energy	Beijing Baota International Economic and Technical Cooperation Co., Ltd., Baota Finance Co., Ltd. and other debtors of commercial instrument	Litigation	From December 2018, citing the bill dispute, the holders of the acceptance bill of exchange of Baota Finance Company sued Yankuang Energy in 45 cases respectively, demanding to exercise the right of recourse for bills, involving a total amount of RMB55.95 million. At present, the Company has lost 29 cases, 27 cases of liability for negotiable instruments after losing, and paid RMB40.15 million; 13 cases were exempted from liability due to the defense of defective bills, with an amount of RMB10.50 million; the remaining 3 cases are under trial, and no ruling has been made yet.	5,595.00	No	Related cases have been held in court one after another, and judgments have been made in some cases.	The Company has paid RMB40.15 million in accordance with the court's judgment.	-

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
China Huarong Asset Management Co., Ltd. Inner Mongolia Autonomous Branch ("China Huarong")	Yankuang Energy	Ordos Jinchengtai Chemical Co., Ltd. ("Jinchengtai"), etc.	Litigation	In June 2020, China Huarong sued Jinchengtai and others to the Hohhot Intermediate People's Court ("Hohhot Intermediate Court") in two cases on the grounds of the dispute over the sale and purchase contract, requesting Jinchengtai to repay the arrears principal and corresponding interest and other expenses respectively RMB451 million and RMB680 million. Since Jinchengtai pledged its accounts receivable from Yankuang Energy to China Huarong, China Huarong sued the Company as a third party to the Hohhot Intermediate Court and required the Company fulfill the corresponding payment obligations within the pledged accounts receivable. In August 2020, the Company received the changed complaint, and China Huarong listed the company as a co-defendant. In June 2021, the Hohhot Intermediate Court opened a trial. In February 2022, the Company received a judgment of the first instance from the Hohhot Intermediate Court in favor of the Company and was exempt from liability.	113,100.00	No	Won the case in the first instance	The Company has won the case in the first instance and this lawsuit will not adversely affect the Company's profit after the period.	–
Yankuang Energy	Linyi Mengfei Trading Co., Ltd. ("Linyi Mengfei")	Huasheng Jiangquan Group Co., Ltd. ("Jiangquan Group"), Zhang Yinlong, Wang Wentao, Wang Wensheng	Litigation	In July 2020, Yankuang Energy sued Linyi Mengfei to the Jining Intermediate People's Court on the grounds of a coal sale contract dispute, requesting it to return the principal of the purchase price of RMB140,940,800 and the corresponding interest and other expenses. Jiangquan Group, Zhang Yinlong, Wang Wentao and Wang Wensheng shall be jointly and severally liable for the above payment. The Jining Intermediate Court ruled in favor of the Company in the first instance, and the opponent filed an appeal with the Shandong High Court. At present, the Shandong High Court has not yet made a ruling.	14,094.08	No	In the second instance	The case is currently in the procedure at the second instance. The Company is unable to assess the impact on the Company's profit after the period.	–

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Yankuang Energy	National Pipeline Network Group Northern Pipeline Co., Ltd. ("Northern Pipeline Network"), National Oil and Gas Pipeline Network Group Co., Ltd. ("National Pipeline Network")	None	Litigation	In January 2021, Yankuang Energy sued the Northern Pipeline Network and the National Pipeline Network to Jining Intermediate People's Court on the grounds of eliminating obstructive disputes, The Company requires them to relocate the relevant oil pipelines passing through the mining area to other areas that do not prevent the Company from exercising its mining rights before 1 August 2021, otherwise they should compensate the Company for economic losses of RMB200 million. In April 2021, the two parties reached a settlement agreement on the premise of ensuring that the Company's enjoyment of mining rights will not be affected. In May 2021, the Jining Intermediate People's Court ruled to agree to the company's withdrawal.	20,000.00	No	Withdrawal	The case has now been withdrawn, and this lawsuit will not have an adverse impact on the Company's future profits.	-
Qingdao Zhongyan Trading Co., Ltd (Qingdao Zhongyan)	Dalian Container Terminal Logistics Co., Ltd. ("Dalian Terminal")	None	Litigation	In April 2021, Qingdao Zhongyan, a wholly-owned subsidiary of Yankuang Energy, sued Dalian Terminal to the Dalian Maritime Court on the grounds of a warehousing contract dispute, demanding compensation of RMB169.2464 million for cargo losses. At present, the Dalian Maritime Court Intermediate Court has not yet made a ruling.	RMB16,924.64	No	In the first instance	As of the end of the reporting period, the Company has made impairment provision for the full amount involved in this case, and this lawsuit will not adversely affect the Company's profit after the period.	-

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Duanxin Supply Chain (Shenzhen) Co., Ltd. (Duanxin Supply Chain)	Shagang (Beijing) International Investment Co., Ltd. ("Shagang Beijing")	Tianjin Wantong Hengxin Group Co., Ltd. ("Tianjin Wantong"), Li Lei, Jiangsu Shagang Group Co., Ltd. ("Shagang Group")	Litigation	In April 2021, Duanxin Supply Chain, a wholly-owned subsidiary of Yankuang Energy, sued Shagang Beijing to the Shenzhen Intermediate People's Court ("Shenzhen Intermediate People's Court") on the grounds of a coal sale contract dispute, requesting it to return the principal of RMB121,605,700 and corresponding penalty for overdue payment. Tianjin Wantong, Li Lei and Shagang Group shall be jointly liable for the aforesaid payments. The Shenzhen Intermediate People's Court has not yet made a ruling.	12,160.57	No	In the first instance	As of the end of the reporting period, the Company has made impairment provision for the full amount involved in this case, and this lawsuit will not adversely affect the Company's profit after the period.	–
Yankuang Coal Chemical Supply and Marketing Company	Guizhou Kailin Group Mineral Fertilizer Co., Ltd. ("Kailin Mineral Fertilizer")	Guizhou Kailin Group Co., Ltd. ("Kailin"), Guizhou Phosphate (Group) Co., Ltd. ("Phosphate Group")	Litigation	In June 2021, Yankuang Coal Chemical Supply and Marketing Company, a wholly-owned subsidiary of Yankuang Energy, filed a lawsuit against Kailin Mineral Fertilizer to Jining Intermediate Court on the grounds of a dispute over a sales contract, asking it to return the payment of RMB183.0802 million and the corresponding interest, Kailin shares and phosphate chemical The Group is jointly and severally liable for the above-mentioned payments. In July 2021, the Economic and Ning Intermediate Court presided over the mediation, Kailin Mineral Fertilizer agreed to repay the principal and interest of RMB190.7950 million to Coal Chemical Supply and Marketing in installments, and Kailin and Phosphate Group agreed to assume joint and several liability for the above payments.	18,308.02	No	Settled	The case has now been settled through mediation, and this lawsuit will not adversely affect the Company's profits in the future.	–

(III) Other Explanation

Not applicable.

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

Mr. Tian Hui, the independent Director of the Company, served as an independent director of Beijing Haohua Energy Co., Ltd. (Stock Abbreviation: Haohua Energy; Stock Code: 601101), due to Haohua Energy's violation of information disclosure regulations, was imposed a warning and a fine of RMB100 thousand by the Beijing Regulatory Bureau of the China Securities Regulatory Commission, who was also criticized by the Shanghai Stock Exchange.

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

Not applicable.

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

XII. MAJOR CONNECTED/RELATED TRANSACTIONS

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

The Group's connected/related transactions were mainly continuing connected/related transactions entered into with the Controlling Shareholder of the Company, i.e., Shandong Energy and its subsidiaries except the Group, Glencore Coal Pty Ltd ("Glencore") and its subsidiaries (Glencore is a major shareholder of the Company's subsidiaries and therefore is one of the related/connected parties of the Company).

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

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

Overview of Matters	Query Index
Continuing connected/related transaction of diesel fuel supply in 2022 As reviewed and approved at the eighteenth meeting of the eighth session of the Board held on 1 December 2021, 2022 Diesel Fuel Supply Agreement between Hunter Valley Operation, a subsidiary of the Company in Australia and Glencore Australia Petroleum Limited ("Glencore Australia Petroleum"), a subsidiary of Glencore Group has been approved with the annual cap of the transaction amount of AUD150 million.	For details, please refer to the announcement of the resolutions of the eighteenth meeting of the eighth session of the Board dated 1 December 2021. Such information was published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.
Continuing connected/related transactions of entrusted management As reviewed and approved at the twentieth meeting of the eighth session of the Board held on 27 January 2022, "Entrusted Management Service Framework Agreement" signed between the Company and Shandong Energy and the annual cap of the transaction amount for each year from 2022 to 2024 have been approved.	For details, please refer to the announcement of the resolutions of the twentieth meeting of the eighth session of the Board dated 27 January 2022. Such information is published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.

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

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

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

As approved at the 2021 first Extraordinary General Meeting of the Company held on 5 February 2021, five continuing connected/related transaction agreements were entered into by the Company with Shandong Energy, namely, the "Provision of Material Supply Agreement", "Mutual Provision of Labor and Services Agreement", "Provision of Insurance Fund Administrative Services Agreement", "Provision of Products, Materials and Equipment Leasing Agreement" and "Bulk Commodities Sales and Purchase Agreement", each of which defines the annual cap of transaction within a period from 2021 to 2023.

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

The sales of goods and provision of services by the Group to its Controlling Shareholder amounted to RMB5.482 billion in 2021. The goods and services provided by the Controlling Shareholder to the Group amounted to RMB3.946 billion.

The following table sets out the continuing connected/related transactions of the supply of materials and services between the Group and the Controlling Shareholder in 2021:

	2021		2020		
	Amount (RMB'000)	**Percentage of sales revenue (%)**	Amount (RMB'000)	Percentage of sales revenue (%)	Increase/decrease of connected/related Transactions (%)
Sales of goods and provision of services by the Group to its Controlling Shareholder	5,481,625	3.61	1,736,774	0.81	215.62
Sales of goods and provision of services by the Controlling Shareholder to the Group	3,946,340	2.60	3,722,057	1.73	6.03

The table below shows the effect on the Group's profits from sales of coal by the Group to the Controlling Shareholder in 2021:

	Sales income (RMB'000)	Sales cost (RMB'000)	Gross profit (RMB'000)
Coal sold to the Controlling Shareholder	4,665,677	2,618,378	2,047,299

Pursuant to the Provision of Insurance Fund Administrative Services Agreement, the Controlling Shareholder shall provide free management and transferring services for the Group's basic medical insurance fund, supplementary medical insurance fund (the "Insurance Fund"). The actual amount of the Insurance Fund paid by the Group for the year 2021 was RMB742 million.

② Continuing connected/related transaction of entrusted management of the subordinates of Shandong Energy

As approved at the 2021 first Extraordinary General Meeting of the Company held on 5 February 2021, the Company entered into Entrusted Management Agreement with Shandong Energy and the annual caps for 2021 to 2023. The transaction pricing adopts cost plus reasonable profit. The entrusted management fee adopts a fixed price, that is, RMB1.5 million per year for each target company.

Pursuant to the Entrusted Management Agreement, the Group will provide professional management over two subordinates of Shandong Energy. Shandong Energy shall pay entrusted management fee to Yankuang Energy within one month since the audited annual reports of the the target companies issued.

As at the disclosure date of this report, Shandong Energy has not paid any entrusted management fee to the Company.

③ Continuing connected/related transaction of financial services

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

As at 31 December 2021, the comprehensive credit balance of Shandong Energy in Yankuang Finance Company is RMB9.70 billion, and the financial service expenses incurred in 2021 are RMB771 thousand.

④ Continuing connected/related transactions of finance leases

As approved at the 2021 first Extraordinary General Meeting of the Company held on 5 February 2021, the “Financial Lease Agreement” signed between the Company and Shandong Energy and the annual cap of transaction amount from 2021 to 2023 were considered and approved. The method of determining the lease interest rate is not less than 5% based on the quoted interest rate on the loan market for the same period announced by the National Interbank Funding Center, and the highest interest rate is not more than 7.5%.

According to the “Financial Lease Agreement”, Zhongyin Financial Leasing provides financial leasing services to Shandong Energy and its subsidiaries (except Yankuang Energy and its subsidiaries), and collects a lump-sum payment on or before the date when Zhongyin Financial Leasing pays the lease asset transfer price Fees or consulting fees are charged quarterly.

In 2021, Zhongyin Financial Leasing has not provided financial leasing services to Shandong Energy and its subsidiaries (except Yankuang Energy and its subsidiaries).

⑤ Continuing connected/related transactions of property leasing

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

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

In 2021, the Leasing Agreement was terminated on the mutual consent of Shanghai Xinda and Dongjiang Company and both sides were exempt from liabilities for breaching the contract.

⑥ Continuing connected/related transactions of ERP and related system operation and maintenance

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

In 2021, the Company paid the operation and maintenance costs of RMB41,981 thousand to Shandong Energy Digital Technology.

⑦ Continuing connected/related transactions of the coal procurement for coal chemical and product sales

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

In 2021, the total amount of fees charged by the Shandong Energy for the sale of chemical raw coal to the Group is RMB407 million; the total amount of fees charged by the Group for the sales of chemical products and provision of sales agency services of chemical products to Shandong Energy is RMB26 million.

⑧ Continuing connected/related transactions of the medical services

As reviewed and approved at the fifteenth meeting of the eighth session of the Board on 27 August 2021, the "Medical Service Cooperation Framework Agreement" signed by the Company and Shandong Yiyang Health Industry Development Group Co., Ltd. ("Yiyang Company"), a subsidiary of Shandong Energy, and the annual transaction amount cap for each of the limited transactions from 2021 to 2023 were approved. The fee for the physical examination is formulated in strict accordance with the charging standards of the Shandong Provincial Price Bureau and the medical fee catalogue of the Shandong Provincial Medical Security Bureau; other service fees refer to the actual workload in the three years from 2018 to 2020, the number of staff engaged in the services, and their salary and income. The cost of consumables incurred for this cost is calculated.

In 2021, the Company paid a total of RMB31,696 thousand for medical examination fees and other service fees to Yiyang Company.

The following table sets out the details of the annual transaction caps and actual transaction amounts for 2021 for the above continuing connected/related transactions.

No.	Type of connected/related transaction		Agreement	Annual Transaction Cap for the Year 2021 (RMB'000)	Annual Transaction Amount for the Year 2021 (RMB'000)
1	Material and facilities provided by the Controlling Shareholder		Provision of Materials Supply Agreement	900,000	640,228
2	Labor and services provided by the Controlling Shareholder		Mutual Provision of Labor and Services Agreement	2,787,000	1,787,748
	Labor and services provided to the Controlling Shareholder			170,000	47,908
3	Insurance fund management and payment services provided by the Controlling Shareholder (free of charge) for the Group's staff		Provision of Insurance Fund Administrative Services Agreement	770,000	741,825
4	Sale of products, material and equipment lease provided to the Controlling Shareholder		Provision of Products, Material and Asset Leasing Agreement	3,320,000	3,102,525
5	Procurement of bulk commodities from the Controlling Shareholder		Bulk Commodities Sales and Purchase Agreement	500,000	296,280
	Sale of bulk commodities to the Controlling Shareholder			2,970,000	2,303,620
6	Financial services to the Controlling Shareholder	Comprehensive Credit	Financial Services Agreement	9,800,000	9,700,138
		Financial service fee		4,000	771
7	Provision of entrusted management services to the Controlling Shareholder		Entrusted Management Agreement	3,000	0
8	Provide financial leasing services to the Controlling Shareholder	Total financing amount	Financial Leasing Agreement	6,510,000	0
		Interest and expenses		510,000	0
9	House rent services provided to the Controlling Shareholder		Rent Agreement	14,763.70	0
10	Operation and maintenance services provided by the Controlling Shareholder		ERP and Related System Operation and Maintenance Framework Agreement	50,000	41,981
11	Procurement of chemical raw coal from the Controlling Shareholder		Chemical Raw Material Coal Purchase and Product Sales Agreement	600,000	406,583
	Sales of chemical products to the Controlling Shareholder			400,000	22,168
	Provide chemical product agent sales services to the Controlling Shareholder			5,000	3,763
12	Medical services received from the Controlling Shareholders		Medical Service Cooperation Framework Agreement	60,000	31,696

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

① Continuing connected/related transaction of coal sales

At the 2021 first Extraordinary General Meeting of the Company held on 5 February 2021, the renewed Glencore Coal Sales Framework Agreement ("this Agreement") between Yancoal Australia and Glencore, together with the annual caps for such transaction for a period from 2021 to 2023 were approved. The way to determine transaction price is based on the market price, together with adjustment according to related industry benchmarks and indexes. The payment time for transaction shall be determined by both parties in accordance with international practices and applicable laws and regulations in this agreement and be specified in details in the specific coal sales agreement.

The 2021 annual cap for coal sales of the Group to Glencore and its subsidiaries was USD350 million. In 2021, this related/connected transaction amounted for approximately USD155 million.

② Continuing connected/related transaction of coal purchase

At the 2021 first Extraordinary General Meeting of the Company held on 5 February 2021, HVO Sales Contract between Yancoal Australia and Glencore, together with the estimated maximum annual transaction amounts for such transaction from 2021 to 2023 had been approved. It is stipulated in HVO Sales Contract: HVO Coal Sales Pty Ltd, a subsidiary of Yancoal Australia, shall pay the corresponding transaction amount to Yancoal Australia and Glencore respectively according to the total amount and corresponding product quota collected in each sales agreement with the client and HVO Coal Sales Pty Ltd shall pay the transaction amount to Yancoal Australia and Glencore no later than three business days after receiving payment from clients.

The 2021 annual transaction amount for coal purchase (on equity basis) of the Group from Glencore under HVO Sales Contract was USD750 million. In 2021, the connected transaction amount between the Group and Glencore was approximately USD741 million.

At the 2021 first Extraordinary General Meeting of the Company held on 5 February 2021, Glencore Coal Purchase Agreement between Yancoal Australia and Glencore, together with the annual caps for such transaction for the years of 2021 to 2023 were approved. The final transaction price adopted under the Coal Purchase Framework Agreement for the purchase of coal will be finally determined on the basis of fair negotiation, in accordance with normal commercial terms and with reference to the market price of relevant type of coal at the time. The payment time for transaction shall be determined by both parties in accordance with international practices and applicable laws and regulations in this agreement and be specified in details in the specific coal sales agreement.

The 2021 annual cap for coal purchase of the Group from Glencore and its subsidiaries under the Glencore Coal Purchase Agreement was USD250 million. In 2021, the connected transaction amount between the Group and Glencore was approximately USD76 million.

③ Continuing connected/related transaction of coal sales service

At the 2021 first Extraordinary General Meeting of the Company held on 5 February 2021, HVO Services Agreement between Yancoal Australia and Glencore, together with the estimated maximum annual transaction amounts for such transaction for the years of 2021 to 2023 were approved. According to this agreement, HV Operations Pty Ltd. (the "HV Operations"), a controlled subsidiary of Yancoal Australia, shall pay the follows to Glencore: (1) all costs, charges and expenses incurred in providing services to HVO Joint Venture or HVO Coal Sales Pty Ltd; (2) all off-site costs, charges and expenses ("general expenses") incurred by Glencore in providing services. The determination of general expenses is based on the principle of fairness and reasonableness and with reference to all costs, charges and expenses incurred by Glencore in providing similar services without particular sites. Both parties agreed that Glencore provide monthly invoice to HV Operations and HV Operations shall finish the payment within 5 business days after receiving such invoice.

The 2021 maximum annual transaction amount for service purchase of the Group from Glencore was USD18 million. In 2021, this connected/related transaction involved approximately USD10.34 million.

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

At the twenty-eighth meeting of the seventh session of the Board held on 25 October 2019, the Diesel Fuel Supply Agreement between HV Operations and Glencore Australia Oil Pty Ltd (the "GAO"), a subsidiary of Glencore plc, as well as the annual caps for such transaction for the years from 2019 to 2021 were approved.

As considered and approved by the 18th meeting of the eighth session of the Board of the Company. On 1 December 2021, the annual cap of the continuing connected/related transaction between HVO and Glencore in 2022 on diesel fuel supply was AUD150 million.

The Diesel Fuel Supply Agreement stipulates that: (i) HV Operations shall generate a purchase order before the delivery month; (ii) GAO shall deliver the amount of fuel before the date specified in the purchase order, and HV Operations shall pay after the fuel is delivered; and (iii) the payment is calculated based on the amount delivered and the price determined after the bidding process.

The 2021 annual cap for diesel fuel purchase of HV Operations from GAO was AUD180 million. In 2021, the connected transaction amount was approximately AUD96 million.

(3) Opinion of Independent Non-Executive Directors

The relevant business departments of the Company reviewed the above-mentioned non-exempt continuing connected/related transactions and related internal control procedures and submitted the results to the independent non-executive directors of the Company. The Company has also provided key information to the independent non-executive directors for audit purposes.

The independent non-executive directors of the Company confirmed the continuing connected/related transactions of the Group in 2021: ① Each transaction (i) is the ordinary business of the Group; (ii) is carried out on normal commercial terms, if the comparable transactions are not sufficient to determine whether the terms of such transactions are on normal commercial terms, the terms of such transactions are no less favourable to the Group than those available or provided by independent third parties; (iii) are conducted in accordance with the terms of the agreement in relation to the transaction, and the terms of the transaction are fair and reasonable, and in the interests of the Company's shareholders as a whole. ②The amount of connected/related transactions mentioned in the above "Execution of Connected/Related Transactions Related to Daily Operations" shall not exceed the annual cap of transaction amount approved by the independent shareholders and the Board.

(4) Opinion of Auditors

Pursuant to the Hong Kong Listing Rules, the Company employs a perennial H-shares auditor to report to the Board on whether the Company's continuing connected/related transactions have fulfilled its obligations under the Hong Kong Listing Rules.

The auditors report to the Board on the above continuing connected/related transactions: ① have been approved by the Board of the Company; ② are carried out in accordance with the Company's pricing policy; ③ are carried out in accordance with the relevant terms of the transaction agreements; and ④ have not exceeded the relevant annual cap of transaction amount.

3. Undisclosed events in extraordinary announcements

Not applicable.

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

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

Not applicable.

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

Connected/related Transaction in Relation to Acquiring 62% Equity Interests of Yankuang Donghua Yulin Logistics Co., Ltd. ("Yulin Logistics Company").

As considered and reviewed at the sixteenth meeting of the eighth session of the Board dated 29 September 2021, it was approved that Shandong Duanxin Supply Chain Management Co., Ltd. ("Duanxin Company"), a wholly-owned subsidiary of the Company, participated in the public auction for 62% equity of Yulin Logistics Company, a subsidiary of Shandong Energy with a starting price of RMB5,959,800.

The Board believes that the acquisition of Yulin Logistics Company can improve the profitability of Duanxin Company, increase the business space and expand the business scale; it is conducive to ensuring the smooth outbound transportation of coal from Jinjitan Coal Mine, a coal mine owned by the Company, and improving its transportation scheduling and coal marketing capabilities. It is conducive to improving the overall operating efficiency of the Company.

Up to the disclosure date of this report, Duanxin Company acquired 62% equity of Yulin Logistics Company for RMB5.9598 million and completed the industrial and commercial change registration.

For details, please refer to the announcement in relation to resolutions passed at the sixteenth meeting of the eighth session of the Board dated 29 September 2021 and the announcement in relation to the connected/related share transaction dated 16 November 2021, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal, Shanghai Securities News and Securities Times.

3. Matters not disclosed in extraordinary announcement

Not applicable.

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

Not applicable.

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

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

Not applicable.

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

Connected/related Transaction in Relation to increasing the registered capital of Yankuang Finance Company

As reviewed and approved at the fifteenth meeting of the eighth session of the Board on 27 August 2021, the "Yankuang Group Finance Co., Ltd. Capital Increase Agreement" signed by the Company, Shandong Energy and Yankuang Finance Company was approved. Yankuang Energy and Shandong Energy will increase the registered capital of Yankuang Finance Company by RMB1.5 billion (share) in cash in accordance with their respective shareholding ratios, of which, Yankuang Energy will increase its capital by RMB1.425 billion (share) and Shandong Energy will increase its capital by RMB75 million (shares) (the "capital increase"). The capital increase is priced at the latest audited net assets per share of Yankuang Finance Company, namely RMB1.3414 per share. Yankuang Energy and Shandong Energy contributed RMB1,911,495,000 and RMB100,605,000 respectively.

Up to the disclosure date of this report, both Yankuang Energy and Shandong Energy have paid their capital contributions and completed industrial and commercial change registration.

For details, please refer to the announcement in relation to resolutions and the announcement in relation to related-party transactions/inside information on increasing the registered capital of Yankuang Finance Company passed at the fifteenth meeting of the eighth session of the Board dated 27 August 2021, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

3. *Events not disclosed in extraordinary announcements*

Not applicable.

(IV) Credit and Debt Obligation among Connected parties

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

Not applicable.

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

Not applicable.

3. Events not disclosed in extraordinary announcements

Unit: RMB100 million

		Fund provided to connected parties			Fund provided to the Company		
Connected parties	**Relationship**	**Balance at the beginning**	**Amount occurred**	**Closing balance**	**Balance at the beginning**	**Amount occurred**	**Closing balance**
Shandong Energy	Controlling Shareholder	36.62	103.98	93.99	318.61	121.73	296.95
Glencore and its subsidiaries	Other related party	0	10.00	0	0	57.86	0
Total		36.62	113.98	93.99	318.61	179.59	296.95

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

(V) Financial business between the company and the financial company that has an associated relationship, the company's holding financial company and the related party

1. *Deposit Business*

Unit: RMB100 million

Related Party	Relationship	Maximum Daily Deposit Limit	Deposit Interest Rate Range	Opening Balance	Current Period: Total deposit amount for the current period	Current Period: Total withdrawal amount for the current period	Closing balance
Shandong Energy	Controlling Shareholder	/	0.30%-2.75%	177.50	5,140.66	5,071.24	246.87
Total	/	/	/	177.50	5,140.66	5,071.24	246.87

2. *Loan Business*

Unit: RMB100 million

Related Party	Relationship	Loan Amount	Loan Interest Rate Range	Opening Balance	Current Period: Total Loan amount for the current period	Current Period: Total repayment amount for the current period	Closing balance
Shandong Energy	Controlling Shareholder	76.00	3.5%-4.35%	31.25	89.50	38.25	82.50
Total	/	76.00	/	31.25	89.50	38.25	82.50

3. *Credit Business or Other Financial Business*

Unit: RMB100 million

Related Party	Relationship	Business Type	Total Amount	Actual Amount
Shandong Energy	Controlling Shareholder	Acceptance, letter of guarantee, commercial undertaking and discounting, business opening on behalf of others	15.00	14.50

4. *Other Explanations*

As of the end of the reporting period, the balance of margin collected by Yankuang Finance Company for financial services provided by related parties was RMB132 million, and the margin portion did not account for the credit line.

In pursuant to the Guidance on Self-supervision for the Listed Companies No. 5 – Transactions & Connected Transactions, the Company issued Risk Assessment Report on Financial Company, and the auditors of A shares issued Explanation on Connected Transactions of Deposit, Loans and Other Financial Business between Yankuang Energy and Yankuang Finance Company for the Year 2021.

(VI) Others

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

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

XIII. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trust, Contract or Lease

1. *Trust*

Not applicable.

2. *Contract*

Not applicable.

3. *Lease*

Not applicable.

(II) Guarantees

Unit: RMB100 million

External guarantees of the Company (excluding guarantee to subsidiaries)

Guarantor	Relationship between guarantor and the listed company	Guarantee	Amount	Date of guarantee (signed date)	Starting date of the guarantee	Maturity date of the guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has fulfilled	Overdue or not	Overdue amount	Counter-guarantee	Related-party guarantee or not	Associated relationship
Inner Mongolia Mining	controlled subsidiary	Inner Mongolia Geological Exploration Co., Ltd.	4	25 September 2018	25 September 2018	25 September 2023	Joint liability guarantee	No	No	No	0	Yes	No	Others

Total guarantee of the Company during the reporting period (excluding guarantees to the subsidiaries)	0
Total guarantee balance by the end of the reporting period (A) (excluding guarantees to the subsidiaries)	9.16
Guarantees to subsidiaries by the Company and its subsidiaries	
Total amount of guarantee to subsidiaries during the reporting period	157.55
Total balance of guarantee to subsidiaries by the end of the reporting period (B)	286.30
Total amount of guarantee of the Company (including guarantees to the subsidiaries)	
Total amount of guarantees (A+B)	295.46
Percentage of total amount of guarantee in the net assets of the Company (%)	43.33
Of which,	
Amount of guarantees to Shareholders, actual controllers and related parties (C)	0
Amount of guarantees directly or indirectly to guaranteed parties with a debts-to-assets ratio exceeding 70% (D)	136.65
Total amount of guarantee exceeding 50% of net assets (E)	0
Total amount of the above 3 categories guarantees (C+D+E)	136.65
Explanation on unexpired guarantee that may be subject to joint and several liability	None
Guarantee explanations	1. The external guarantee occurred during the previous period and extended to the reporting period As approved at the 2012 second Extraordinary General Meeting, the Company provided guarantees to Yancoal International Resources, for issuing USD1.0 billion corporate bonds in the overseas market. As at 31 December 2021, the balance of the above guarantee was USD104 million.

As reviewed and approved at the 2018 annual general meeting, the Company provided guarantees of RMB308 million to Zhongyin Financial Leasing Co., Ltd. As at 31 December 2021, the balance of the above guarantees was RMB116 million.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees to Yancoal Australia, for issuing USD1.275 billion guarantees. As at 31 December 2021, the balance of the above guarantee was USD869 million.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees to Yancoal International Resources, for issuing USD500 million corporate bonds. As at 31 December 2021, the balance of the above guarantee was USD500 million.

As reviewed and approved by the 2019 annual general meeting, the Company provided guarantees of RMB600 million for Qingdao Vast Lucky International Trade Co., Ltd.. As at 31 December 2021, the balance of the above guarantees was RMB600 million.

As at 31 December 2021, Yancoal Australia and its subsidiaries provided performance deposits and performance guarantee in an amount not exceeding AUD 875 million to its subsidiaries for their daily operation.

As considered and approved at the third meeting of the eighth session of the Board, the Company participated in the capital increase project and acquired 51% equity interests of Inner Mongolia Mining Group through public delisting in Inner Mongolia Property Rights Exchange Center. Before the completion of the transaction, Inner Mongolia Mining Group provided RMB400 million of guarantee to Inner Mongolia Geology Survey Co., Ltd. As at the disclosure date of the report, the above-mentioned guarantees have not been released.

As reviewed and approved at the 2021 first Extraordinary General Meeting of shareholders of the Company, Inner Mongolia Mining Group provided RMB180 million of guarantees to Inner Mongolia Jinlian Aluminum Profile Co., Ltd. and RMB98 million of guarantees to Hongda Industry Inner Mongolia Mining Co., Ltd. Future Energy provided RMB336 million of guarantee to Shaanxi Jingshen Railway Co., Ltd and RMB17 million of guarantees to Shaanxi Future Cleaning Chemicals Co., Ltd.

2. Guarantees arising during the reporting period

As reviewed and approved at the 2019 annual general meeting of the Company, the Company provided guarantees to Qingdao Vast Lucky, Zhongyin Financial Leasing, Qingdao Zhongyan, Rongxin Chemicals, Yulin Neng Hua, Lunan Chemicals of RMB630 million, RMB1.378 billion, RMB1.60 billion, RMB1.248 billion, RMB1.176 billion and RMB1 billion during the reporting period.

As approved at the 2020 annual general meeting of the Company, the Company provided guarantee to Yancoal International, Yancoal International Resources, Qindao Vast Lucky International Trade Co., Ltd, Qingdao Zhongyan Co., Ltd, Shandong Zhongyin International Trade Co., Ltd. of USD100 million, USD300 million, RMB1.97 billion, RMB500 million, RMB200 million during the reporting period.

As approved at the 2020 annual general meeting of the Company, Inner Mongolia Mining provided guarantee to Ulanqab Hongda Industrial Co., Ltd., Ordos Fengwei Optoelectronics Co., Ltd. of RMB1.413 billion, RMB699 million during the reporting period.

As approved at the 2020 annual general meeting of the Company, Yancoal Australia and its subsidiaries provided a guarantee in an amount not exceeding AUD1.2 billion per year to its subsidiaries for their daily operation. During the reporting period, Yancoal Australia and its subsidiaries produced performance deposits and performance guarantees totaled AUD301 million due to operational necessity.

Note: The table above was prepared in accordance with the CASs and calculated at USD/RMB exchange rate of 6.3757 and AUD/RMB exchange rate of 4.6220.

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

(III) Entrusted Cash and Assets Management

1. Entrusted wealth management

(1) General information on entrusted wealth management

Not applicable.

Other information

Not applicable.

(2) Specific entrusted wealth management

Not applicable.

Other information

Not applicable.

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

Not applicable.

2. Entrusted Loan

(1) General information on entrusted loan

Not applicable.

Other information

Not applicable.

(2) Specific entrusted loan

Not applicable.

Other information

Not applicable.

(3) Provision for impairment of the entrusted loan

Not applicable.

3. Other information

Not applicable.

(IV) Other Major Contract

Not applicable.

(V) Other major events

(1) Adjustment of Company Organization

As reviewed and approved at the nineth meeting of the eighth session of the Board held on 5 February 2021, the Company has set up Operation Management Department, Human Resource Service Center, Audit Center, Project Supervision Center, Press Center, Comprehensive Service Center, Technology and Quality Management Center, Yankuang Energy Operation Coordination Center and IT Center.

For details, please refer to the announcement of the resolutions of the ninth meeting of the eighth session of the Board dated 5 February 2021. Such information is published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily.

(2) Changes of the Company's registered address and principal place of business in Hong Kong

Due to the re-issuance of the Company's unit number by Zoucheng City, the Company's registered address was changed from 298 Fushan South Road, Zoucheng City, Shandong Province, PRC to 949 Fushan South Road, Zoucheng City, Shandong Province, PRC.

As the name of the building where the Company's principal place of business in Hong Kong was located changed from "Sunshine Centre" to "Dah Sing Financial Centre", the Company's principal place of business in Hong Kong was changed to 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong.

For details, please refer to the announcement on changes of the Company's principal place of business in Hong Kong dated 8 March 2021 and announcement on changes of the Company's registered address dated 29 April 2021, which were posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company, and/or on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily in the PRC.

(3) Strategic reorganization of the Controlling Shareholder

On 14 August 2020, a merger agreement was entered into between the former Shandong Energy and the former Yankuang Group, pursuant to which, the former Yankuang Group, being the surviving company, was renamed as "Shandong Energy", and the Controlling Shareholder of the Company remained unchanged. Since the date of the completion of the merger, all the assets, liabilities, business activities, staff, contracts, certifications as well as the rights and obligations of the former Shandong Energy were inherited, undertaken and enjoyed by the surviving company.

As at the disclosure date of this report, the strategic reorganization has completed procedures in relation to the delivery and business registration of changes.

For details, please refer to the reminding announcement on strategic reorganization of the controlling shareholder dated on 12 July 2020, and the announcement on update on the strategic reorganization of the controlling shareholder dated 14 August 2020 and the announcement on completion of delivery of the strategic reorganization of the controlling shareholder on 30 November 2020, and the announcement on completion of industrial and commercial registration of the strategic reorganization of the controlling shareholder on 1 April 2021. which were posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company, and/or on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

4. Change of the Company's Name and Stock Short Name

As reviewed and approved at the seventeenth meeting of the eighth session of the Board held on 29 October 2021 and the 2021 third Extraordinary General Meeting of the Company held on 1 December 2021, the Chinese name of the Company was changed from "兗州煤業股份有限公司" to "兗礦能源集團股份有限公司"; the English name of the Company was changed from "Yanzhou Coal Mining Company Limited" to "Yankuang Energy Group Company Limited". According to the Company's Name-Changing, corresponding amendments were made to the Company's Articles of Association.

As reviewed and approved at the seventeenth meeting of the eighth session of the Board held on 29 October 2021, the stock short name of the Company's securities were changed from "Yanzhou Coal" to "Yankuang Energy", and the stock code will remain unchanged.

As of the disclosure date of this report, the Company's securities abbreviations have been reviewed by the Stock Exchange and the change has been completed; the change of the Company's name has been registered with the industry and commerce. As to reflect the connotation of the Company's new name, the Company has applied the new logo.

For details, please refer to the announcement on the resolutions of the seventeenth meeting of the eighth session of the Board dated 29 October 2021, the announcement on the change of company name and stock short name, and the revision of the Articles of Association; dated on 1 December 2021, 2021 Announcement on Resolutions of the Third Extraordinary General Meeting of Shareholders of the Year 2021 dated on 1 December 2021; Announcement on Change of Company Name and Amendment of the Articles of Association and the Completion of Relevant Business Registration, and the Announcement on Change of Securities Abbreviation dated on 6 December 2021, and the Announcement on change of Company Logo dated on 16 December 2021, which were posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company, and/or on China Securities Journal, Shanghai Securities News and Securities Times in the PRC.

XIV. EXPLANATION ON OTHER SIGNIFICANT EVENTS

Applicable.

(Prepared under the Hong Kong Listing Rules)

(I) Repurchase, Sold or Redemption of Listing Shares

Obtain authorization of shareholder's meeting to issue additional and repurchase H Shares.

On the 2020 annual general meeting of the Company held on 18 June 2021, a general mandate was granted to the Board to issue additional shares of the Company not exceeding 20% of the share capital of H Shares of the Company in issue as at the date of passing the resolution during the mandate period under the approval of relevant regulatory institutions and in compliance with relevant laws, administrative regulations and the requirements of the articles of association of the Company as well as actual needs and market conditions.

The 2020 annual general meeting, the 2021 first class meeting of the holders of H Shares and the 2021 first class meeting of the holders of A Shares were convened by the Company on 18 June 2021, and a general mandate was granted to the Board to repurchase H Shares of the Company not exceeding 10% of the share capital of H Shares of the Company in issue as at the date of passing the resolution during the mandate period under the approval of relevant regulatory institutions and in compliance with relevant laws, administrative regulations and the requirements of the articles of association of the Company as well as actual needs and market conditions.

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

(II) Remuneration Policy

For details, please refer to "Remuneration of Directors, Supervisors and Senior Management" and "Remuneration Policy" in "Chapter 5 Corporate Governance".

(III) Auditor

For details, please refer to the relevant content of "Appointment and Dismissal of Accounting Firms" in "Chapter 7 Significant Events".

Changes in Shares and Shareholders

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

I. CHANGES IN SHARES CAPITAL

(I) Table of Changes in Shares

1. Table of changes in shares

Unit: Share(s)

		Before change		Increase/Decrease (+,-)		After change	
		Shares	Percentage (%)	Issued new shares	Sub-total	Shares	Percentage (%)
I	Listed shares with restricted moratorium	0	0	0	0	0	0
II	Shares without trading moratorium	4,860,000,000	100	14,184,060	14,184,060	4,874,184,060	100
	1. A Shares	2,960,000,000	60.91	14,184,060	14,184,060	2,974,184,060	61.02
	2. Foreign shares domestically-listed	0	0	0	0	0	0
	3. Foreign shares listed overseas	1,900,000,000	39.09	0	0	1,900,000,000	38.98
	4. Others	0	0	0	0	0	0
III.	Total share capital	4,860,000,000	100	14,184,060	14,184,060	4,874,184,060	100

Notes:

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

② As at the disclosure date of this report, the Company completed the grant registration of the Restricted A Share Incentive Scheme for 2021 and granted 61,740,000 restricted shares to the participants successfully. A total of 12,779,580 shares were exercised during the second option exercising period under the Company's 2018 A Share Incentive Scheme and the total share capital of the Company increased to 4,948,703,640 shares.

③ According to the Issuer's Share Capital Structure issued by China Securities Depository and Clearing Co., Ltd., as at the disclosure date of this report, the A share capital of the Company was 3,048,703,640 shares, including 61,740,000 restricted shares and 2,986,963,640 shares without trading moratorium.

2. Explanation on changes in shares

As reviewed and approved at the eighth meeting of the eighth session of the Board of the Company held on 13 January 2021, the conditions for the first option exercising period under 2018 A Shares Incentive Scheme of the Company was fulfilled, and the option exercising period is from 18 February 2021 to 11 February 2022. As at the end of the reporting period, all the exercisable options, a total of 14,184,060 shares, have been completely exercised, and the issued shares of the Company increased from 4,860,000,000 shares to 4,874,184,060 shares, accordingly, which have no significant impact on the financial indicators of the recent year and the recent reporting period.

For details, please refer to the announcement on the first exercisable condition of the first exercising period on 13 January 2021 and the announcements on voluntarily exercising option result as well as share changes on 2 April 2021 and 19 May 2021, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company and/or China Securities Journal and Shanghai Securities News, Securities Times and Securities Daily.

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

As at the end of the reporting period, 14,184,060 shares options under the 2018 A Shares Incentive Scheme have been exercised and the shares register procedure has been fulfilled, thus the total share capital of the Company increased by 14,184,060 shares, which have no significant impact on the financial indicators of the previous year and the recent reporting period.

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

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

(II) Changes in Shares with Restricted Moratorium

Not applicable.

II. SECURITIES ISSUANCE AND LISTING

(I) Securities Issuance during the Reporting Period

Unit: share

Type of stock and its related derivative securities	Date of placement	Issuing price (or interest rate)	Amount of placement	Date of listing	Approved listed tradable amount	Date of trade termination
Ordinary shares						
Shares without trading moratorium	18 February 2021 to 19 May 2021	RMB7.52/share	14,184,060	–	14,184,060	–
Bonds including enterprise bond, corporate bond and debt-financing instruments of non-financial corporates						
Corporate bond	28 May 2021	3.74%	RMB3 billion	4 June 2021	RMB3 billion	31 May 2024
Corporate bond	28 May 2021	4.13%	RMB1 billion	4 June 2021	RMB1 billion	31 May 2026
Renewable corporate bond	21 June 2021	3.99%	RMB1.7 billion	29 June 2021	RMB1.7 billion	22 June 2023
Renewable corporate bond	21 June 2021	4.40%	RMB3.3 billion	29 June 2021	RMB3.3 billion	22 June 2024
Renewable corporate bond	19 August 2021	3.54%	RMB1 billion	1 September 2021	RMB1 billion	20 August 2024
Super-short-term financing bond	11 March 2021	3.20%	RMB2 billion	16 March 2021	RMB2 billion	11 September 2021
Super-short-term financing bond	21 April 2021	3.20%	RMB2 billion	25 April 2021	RMB2 billion	20 October 2021
Super-short-term financing bond	9 August 2021	2.80%	RMB3 billion	12 August 2021	RMB3 billion	8 May 2022
Medium-term bills	22 July 2021	3.80%	RMB2 billion	27 July 2021	RMB2 billion	26 July 2026
Medium-term bills	24 November 2021	3.67%	RMB2 billion	29 November 2021	RMB2 billion	26 November 2024
Overseas senior guaranteed bond	15 November 2021	2.90%	USD300 million	18 November 2021	USD300 million	18 November 2024

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

Ordinary Shares

During the reporting period, a total of 14,184,060 shares under 2018 A Shares option scheme of the Company have been exercised and completed share transfer registration. In addition, the total number of ordinary shares increased from 4,860,000,000 shares to 4,874,184,060 shares.

Bonds (including enterprise bonds, corporate bonds and non-financial corporate debt financing instruments).

Yancoal International Resources Development Co., Ltd., a wholly-owned subsidiary of the Company, issued USD bonds from November 15, 2021 to November 18, 2021, with total value of US$300 million at a coupon rate of 2.90%. Since November 19, 2021, the bonds have been listed and traded on the Hong Kong Stock Exchange from, with the stock code "40928".

For details of the other corporate bonds issued this year, please refer to the relevant content of "Chapter 9 Corporate Bonds" of this annual report.

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

During the reporting period, the total ordinary shares of the Company increased from 4,860,000,000 shares to 4,874,184,060 shares, which has no significant impact on the structure of assets and liability of the Company.

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

Not applicable.

III. SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Total Number of the Shareholders

Total number of shareholders as at 31 December 2021	87,284
Total number of ordinary shareholders at the end of last month prior to the disclosure date of this annual report	43,331
Total number of preferred shareholders with resumed voting right by the end of the reporting period	0
Total number of preferred shareholders with resumed voting right at the end of last month before disclosure date of this annual report	0

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

Unit: share(s)

Name of shareholders (full name)	Shareholdings of the top ten Shareholders: Increase/decrease during the reporting period	Number of shares held at the end of the Reporting Period	Percentage holding of the total share capital (%)	Number of shares held subject to trading moratorium	Number of pledged, marked or locked shares: Status of shares	Number of shares	Nature of Shareholders
Shandong Energy Co., Ltd.	-4,122,135	2,263,047,288	46.43	0	No	0	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited	1,866,250	1,897,539,453	38.93	0	Unknown	0	Overseas legal person
Hong Kong Securities Clearing Company Limited	-16,201,681	60,849,738	1.25	0	No	0	Overseas legal person
China Merchants Bank Co., Ltd-Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	2,412,872	34,509,314	0.71	0	No	0	Others
China Universal Asset Management Co, Ltd.-Social Security Fund 1103 Portfolio	10,851,547	10,851,547	0.22	0	No	0	Others
National Social Security Fund 112 Portfolio	10,799,905	10,799,905	0.22	0	No	0	Others
China Merchants Securities Co. Ltd.-CCB Small and Medium Cap Pioneer Equity Securities Investment Fund	8,842,100	8,842,100	0.18	0	No	0	Others
National Social Security Fund 110 Portfolio	7,555,879	7,555,879	0.16	0	No	0	Others
Industrial and Commercial Bank of China Co., Ltd.-Guotai Zhongzheng Coal Tradable Open Index Securities Investment Fund	5,220,132	7,410,059	0.15	0	No	0	Others
China Universal Asset Management Co, Ltd.-Social Security Fund 16031 Portfolio	7,384,401	7,384,401	0.15	0	No	0	Others

Top ten Shareholders holding tradable shares not subject to trading moratorium			
	Number of tradable shares held not subject to trading moratorium	Class and number of shares held	
Name of Shareholders		Class of shares	Number of shares
Shandong Energy Co., Ltd.	2,263,047,288	A Shares	2,263,047,288
Hong Kong Securities Clearing Company (Nominees) Limited	1,897,539,453	H Shares	1,897,539,453
Hong Kong Securities Clearing Company Limited	60,849,738	A Shares	60,849,738
China Merchants Bank Co., Ltd-Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	34,509,314	A Shares	34,509,314
China Universal Asset Management Co, Ltd.-Social Security Fund 1103 Portfolio	10,851,547	A Shares	10,851,547
National Social Security Fund 112 Portfolio	10,799,905	A Shares	10,799,905
China Merchants Securities Co. Ltd.-CCB Small and Medium Cap Pioneer Equity Securities Investment Fund	8,842,100	A Shares	8,842,100
National Social Security Fund 110 Portfolio	7,555,879	A Shares	7,555,879
Industrial and Commercial Bank of China Co., Ltd.-Guotai Zhongzheng Coal Tradable Open Index Securities Investment Fund	7,410,059	A Shares	7,410,059
China Universal Asset Management Co, Ltd.-Social Security Fund 16031 Portfolio	7,384,401	A Shares	7,384,401

Explanations on repurchase of special shares by the top 10 shareholders	Not applicable.
Explanations on voting proxy, entrusted voting and abstention by the above shareholders	Not applicable.
Connected relationship or concerted-party relationship among the above Shareholders	Yankuang Group (Hong Kong) Company Limited, a wholly-owned subsidiary of Yankuang Group ("Yankuang Hong Kong") held 455 million H Shares of the Company through Hong Kong Securities Clearing Company (Nominees) Limited. China Universal Asset Management Co, Ltd.-Social Security Fund 1103 Portfolio and China Universal Asset Management Co, Ltd.-Social Security Fund 16031 Portfolio are all managed by China Universal Asset Management Co, Ltd. Apart from the disclosure above, it is unknown whether other shareholders are connected with one another or whether any of these shareholders fall within the meaning of parties acting in concert.
Illustration of preferred shareholders with resumed voting rights and the number of shares held by them	Not applicable.

Notes:

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

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

③ The exchangeable corporate bond of the controlling shareholder of the Company, 18 YAN01EB approximately transferred 4,122,135 shares, approximately 0.08% of the total share capital, during the reporting period.

④ During the reporting period, the guarantees and trust account jointly opened by Shandong Energy and CITIC Securities Co., Ltd. has deregistered of guarantee and trust, and 387,385,137 A Shares held by such account has transferred to Shandong Energy.

⑤ As at 31 December 2021, Shandong Energy held a total of 2,263,047,288 A Shares of the Company, and held 454,989,000 H Shares through Yankuang Hong Kong. The Controlling Shareholder directly and indirectly holds 55.76% shares of the Company.

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

Not applicable.

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

Not applicable.

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

As far as the Directors are aware, save as disclosed below, as at 31 December 2021, other than the Directors, Supervisors or chief executives of the Company, there were no other persons who were substantial shareholders of the Company or had interests or short positions in the shares or underlying shares of the Company, which should (i) be disclosed pursuant to Sections 2 and 3 under Part XV of the Securities and Futures Ordinance ("SFO"); (ii) be recorded in the register to be kept pursuant to Section 336 of the SFO; or (iii) notify the Company and the Hong Kong Stock Exchange in other ways.

Name of Substantial Shareholders	Class of Shares	Capacity	Number of Shares Held (shares)	Nature of Interest	Percentage in the H Share Capital of the Company	Percentage in Total Share Capital of the Company
Shandong Energy	A Shares (state-owned shares)	Beneficial owner	2,263,047,288	Long position	–	46.43%
Shandong Energy①	H Shares	Interest of controlled corporations	454,989,000	Long position	23.95%	9.33%
BNP Paribas Investment Partners SA	H shares	Investment manager	117,641,207	Long position	6.19%	2.41%
Bank of America Corporation	H shares	Interest of controlled corporations	110,495,371	Long position	5.82%	2.27%
			110,215,715	Short position	5.80%	2.26%

Notes:

① Yankuang Hong Kong holds such H Shares in the capacity of beneficial owner.

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

③ Information disclosed herein is based on the information available on the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

IV. CONTROLLED SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Controlled Shareholders

1. Legal person

Name	**Shandong Energy Co., Ltd.**
Person in charge or legal representative	Li Wei
Date of establishment	12 March 1996
Main business	mining, electric power, high-end chemicals, high-end equipment manufacturing, new energy and new materials, modern logistics and trade, etc.
Controlling shares or participating shares held by Shandong Energy of other companies listed at home and abroad	Please see the table below.
Other explanations	At 31 December 2021, Shandong Energy held 2,263,000,000 A Shares of the Company, Yankuang Hong Kong held 455,000,000 H Shares of the Company, Shandong Energy and Yankuang Hong Kong totally held 2,718,000,000 shares of the Company, representing 55.76% of the total share capital of the Company.

As at 31 December 2021, the other domestic and overseas listed companies controlled or held in participating shares by Shandong Energy is as follows:

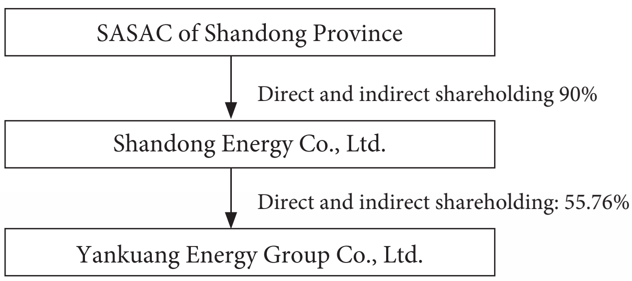
No.	Abbreviation of the Listed Company	Stock Exchange	Stock Code	Number of Shares Held (shares)	Percentage of Shares Held (%)
1	Yunding Technology	Shenzhen Stock Exchange	000409.SZ	8,535.66	16.71
2	Guizhou Panjiang Refined Coal	Shanghai Stock Exchange	600395.SH	16,832.66	10.17
3	Zhongtai Securities	Shanghai Stock Exchange	600918.SH	69,982.92	10.04
4	Rizhao Port	Shanghai Stock Exchange	600017.SH	23,975.00	7.80
5	Qilu Express	Hong Kong Stock Exchange	01576.HK	4,200.00	2.10
6	Rizhao Port JR	Hong Kong Stock Exchange	06117.HK	5,000.00	3.01
7	Guotai Junan Securities	Shanghai Stock Exchange	601211.SH	4,870.62	0.55

No.	Abbreviation of the Listed Company	Stock Exchange	Stock Code	Number of Shares Held (shares)	Percentage of Shares Held (%)
8	DAS	Shenzhen Stock Exchange	002421.SZ	151.80	0.08
9	Shinva Medical Instrument	Shanghai Stock Exchange	600587.SH	11,694.76	28.77
10	IVD Medical	Hong Kong Stock Exchange	01931.HK	44,365.44	32.79
11	Shandong Fiberglass	Shanghai Stock Exchange	605006.SH	26,370.14	52.74
12	Science & Technology	Shanghai Stock Exchange	688663.SH	5,352.96	38.25
13	ENN Natural Gas	Shanghai Stock Exchange	600803.SH	310.88	0.11
14	Zhejiang Supcon Technology	Shanghai Stock Exchange	688777.SH	110.00	0.22

(II) Actual Controller

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

2. Diagram of equity and relationship of control between the Company and the actual controller as at 31 December 2021:



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

Not applicable.

(III) Other Explanations on Controlling Shareholder and the Actual Controller

Not applicable.

V. THE ACCUMULATED SHARES PLEDGED BY THE CONTROLLING SHAREHOLDER OR THE LARGEST SHAREHOLDER AND THE PERSON ACTING IN CONCERT IS ABOVE 80% OF THE COMPANY'S SHARES HELD BY THEM

Not applicable.

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

As at 31 December 2021, the HKSCC (Nominees) Limited holds 1,897,539,453 H Shares on behalf of its several clients, representing 38.93% over the total share capital of the Company. The HKSCC (Nominees) Limited is a member of Hong Kong central clearing and settlement system, providing customers with security registration and custody business.

VII. EXPLANATION ON RESTRICTION OF SELLDOWN SHAREHOLDING

Not applicable.

VIII. IMPLEMENTATION OF SHARES REPURCHASE

Not applicable.

Chapter 09
Corporate Bonds

(Prepared in accordance with CASs)

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

(I) Enterprise Bonds

Not applicable.

(II) Corporate Bonds

1. Basic information of corporate bonds

RMB100 million

Name	Abbreviation	Code	Issue date	Interest starting date	Maturity date	Balance	Interest rate (%)	Way to repay principal and interest	Trade place	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2012 Corporate Bond (first tranche)	12 Yanzhou Coal 02	122168	23 July 2012	23 July 2012	23 July 2022	40	4.95	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2012 Corporate Bond (second tranche)	12 Yanzhou Coal 04	122272	3 March 2014	3 March 2014	3 March 2024	30.5	6.15	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (first tranche) (class 1)	20 Yanzhou Coal 01	163234	10 March 2020	12 March 2020	12 March 2023	3	2.99	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (first tranche) (class 2)	20 Yanzhou Coal 02	163235	10 March 2020	12 March 2020	12 March 2025	27	3.43	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (first tranche) (class 3)	20 Yanzhou Coal 03	163236	10 March 2020	12 March 2020	12 March 2030	20	4.29	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No

Name	Abbreviation	Code	Issue date	Interest starting date	Maturity date	Balance	Interest rate (%)	Way to repay principal and interest	Trade place	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2020 Corporate Bond (second tranche) (class 1) [1]	20 Yanzhou Coal 04	175274	21 October 2020	23 October 2020	23 October 2035	35	3.89	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond (second tranche) (class 2) [2]	20 Yanzhou Coal 05	175275	21 October 2020	23 October 2020	23 October 2030	15	4.27	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Corporate Bond (first tranche) (class 1)	21 Yanzhou Coal 01	188163	28 May 2021	31 May 2021	31 May 2024	30	3.74	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Corporate Bond (first tranche) (class 2)	21 Yanzhou Coal 02	188164	28 May 2021	31 May 2021	31 May 2026	10	4.13	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Renewable Corporate Bond (first tranche) (class 1) [3]	21 Yanzhou Coal Y1	188285	21 June 2021	22 June 2021	22 June 2023	17	3.99	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Renewable Corporate Bond (first tranche) (class 2) [4]	21 Yanzhou Coal Y2	188286	21 June 2021	22 June 2021	22 June 2024	33	4.40	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Renewable Corporate Bond (second tranche) [5]	21 Yanzhou Coal Y4	188613	19 August 2021	20 August 2021	20 August 2024	10	3.54	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No

Notes:

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

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

3. For 2021 Renewable Corporate Bond (first tranche) (class 1), every two interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by two years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.

4. For 2021 Renewable Corporate Bond (first tranche) (class 2), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.

5. For 2021 Renewable Corporate Bond (second tranche), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond placing by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.

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

Not applicable.

Overdue debt

Not applicable.

Principal and interest payment of bonds during the reporting period

Name of bond	Explanations on principal and interest payment
2012 Corporate Bond (first tranche)	All interests have been repaid in due course and no default occurs.
2012 Corporate Bond (second tranche)	All interests have been repaid in due course and no default occurs.
2020 Corporate Bond (first tranche)	All interests have been repaid in due course and no default occurs.
2020 Corporate Bond (second tranche)	All interests have been repaid in due course and no default occurs.
2018 Renewable Corporate Bond (first tranche)	All principals and interests have been repaid in due course and no default occurs.

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

Not applicable.

3. Agents for bonds issuance and continuing business services

Name of agents	Office address	Contact person	Tel
Bank of China International (China) Securities Co. Ltd.	39th Floor Zhongyin Mansion 200 Yincheng Zhong Road, Pudong New Area, Shanghai	He Yinhui	021-20328000
Haitong Securities Co., Ltd.	689 Guangdong Road, Shanghai	Du Xiaohui, Geng Yun	010-88027267
China Securities Co. Ltd.	2/F B Building Kajheng Center 2 Chao Inner Street, Dongcheng District, Beijing	Yu Lei, Liu Zuosheng, Hu Zhaobin, Han Xiang, Yu Lichao	010-65608349
Dagong Global Credit Rating Co., Ltd.	3/F Building A, Waiwen Mansion, 89 Xisanhuanbei Road, Haidian District, Beijing	Jia Yuehua	010-67413364
China Chengxin International Credit Rating Co., Ltd. ("CCXI")	Building 5, Galaxy SOHO, No. 2 Nanzhuganhutong, Chaoyangmennei Avenue, Dongcheng District, Beijing	Hou Yijia	010-66428802
GOLDEN Credit Rating Co., Ltd.	11-12/F, the South Wing of Building 1, No. 3 Chaowaixi Avenue, Chaoyang District, Beijing	Cao Peng	0571-87858258

Changes of the above agents

Not applicable.

4. *Use of proceeds by the end of the reporting period*

Unit: RMB100 million

Name of bonds	Aggregate amount of proceeds	Used amount	Unused amount	Special accounts operation of proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether it is consistent with the purpose, use plan and other provisions set in the prospectus
2012 Corporate Bond (first tranche)	40	40	0	–	–	Yes
2012 Corporate Bond (second tranche)	30.5	30.5	0	–	–	Yes
2020 Corporate Bond (first tranche)	50	50	0	–	–	Yes
2020 Corporate Bond (second tranche)	50	50	0	–	–	Yes
2021 Corporate Bond (first tranche)	40	40	0	–	–	Yes
2021 Renewable Corporate Bond (first tranche)	50	50	0	–	–	Yes
2021 Renewable Corporate Bond (second tranche)	10	10	0	–	–	Yes

Progress of construction projects and operational benefits of proceeds

Not applicable.

Explanation on changes of the use of proceeds by the above-mentioned bonds during the reporting period

Not applicable.

Other explanation

Not applicable.

5. Adjustments on credit rating results

Not applicable.

Other explanation

Not applicable.

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

Not applicable.

7. Explanations on other conditions of corporate bonds

Not applicable.

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

1. Non-financial enterprise debt financing instruments

Unit: RMB100 million

Name	Abbreviation	Code	Issue date	Interest starting date	Maturity date	Balance	Interest rate (%)	Way to repay principal and interest	Trade place	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2021 Medium Term Notes (first tranche)	21Yanzhou Coal MTN001	102101379	22 July 2021	26 July 2021	26 July 2026	20	3.80	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2021 super-short Debentures (third tranche)	21Yanzhou Coal SCP003	012102894	9 August 2021	11 August 2021	8 May 2022	30	2.80	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2021 Medium Term Notes (second tranche) note	21 Yanzhou Coal MTN002	102103102	24 November 2021	26 November 2021	26 November 2024	20	3.67	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No

Note: For 2021 Medium Term Notes (second tranche), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current notes by one term (that is, by three years) or to repay the principal and interest of the current notes due at maturity in full at the end of the term.

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

Not applicable.

Overdue debt

Not applicable.

Principal and interest payment of bonds during the reporting period

Name of bond	Explanations on principal and interest payment
2021 Super-short Debentures (first tranche)	All principals and interests have been repaid in due course and no default occurs.
2021 Super-short Debentures (second tranche)	All principals and interests have been repaid in due course and no default occurs.
2018 Medium Term Notes (second tranche)	All principals and interests have been repaid in due course and no default occurs.

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

Not applicable.

3. Agents for bonds issuance and continuing business services

Name of agents	Office address	Contact person	Tel
China Merchants Bank Co. Ltd.	7088 Shennan Roadway Futian District Shenzhen City, Guangdong Province	Xu Yiming	0531-55663204
SPD Bank Co., Ltd.	Dongyun Mansion 689 Beijing Dong Road, Shanghai	Fan Lei	0531-86556724
China Chengxin International Credit Rating Co., Ltd. ("CCXI")	Building 5, Galaxy SOHO, No. 2 Nanzhuganhutong, Chaoyangmennei Avenue, Dongcheng District, Beijing	Hou Yijia	010-66428802
China Lianhe Credit Rating Co., Ltd.	17/F Building2, 2 Courtyard, Jianwai Avenue, Chaoyang District, Beijing	Huang Ye	010-85679696

Changes of the above agents

Not applicable.

4. *Use of proceeds by the end of the reporting period*

Unit: RMB100 million

Name of bonds	Aggregate amount of proceeds	Used amount	Unused amount	Special accounts operation of proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether it is consistent with the purpose, use plan and other provisions set in the prospectus
2021 Medium Term Notes (first tranche)	20	20	0	–	–	Yes
2021 Super-short Debentures (third tranche)	30	30	0	–	–	Yes
2021 Medium Term Notes (second tranche)	20	20	0	–	–	Yes

Progress of construction projects and operational benefits of proceeds

Not applicable.

Explanation on changes of the use of proceeds by the above-mentioned bonds during the reporting period

Not applicable.

Other explanation

Not applicable.

5. *Adjustments on credit rating results*

Not applicable.

Other explanation

Not applicable.

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

Not applicable.

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

7. Explanations on other conditions of corporate bonds

Not applicable.

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

Not applicable.

(V) Interest-Bearing Debt Overdue Excluding Bonds by the end the Reporting Period

Not applicable.

(VI) the Impact on the Rights and Interest of Bonds Investor due to Violation of Laws and Regulations, the Company's Articles of Association, Information Disclosure System as well as Provisions or Commitments in the Prospectus of Bond Offerings During the Reporting Period

Not applicable.

(VII) Accounting Data and Financial Indicators for the Two Years Preceding the end of the Reporting Period

Unit: RMB0'000

Main indicators	Year 2021	Year 2020	Increase/decrease at the end of the reporting period compared with the end of the previous year (%)
Net profit deducting extraordinary gains or losses	1,621,190	653,459	148.09
Current ratio	0.94	0.57	64.41
Liquidity ratio	0.79	0.46	73.68
Debt-to-asset ratio (%)	66.58	69.19	decreased by 2.61 percentage points
Total debt to EBITDA ratio	2.79	4.83	-42.19
Interest coverage ratio	5.52	4.44	24.33
Cash interest coverage ratio	7.36	8.26	-10.88
EBITDA interest coverage ratio	7.28	8.23	-11.47
Loan repayment ratio (%)	100	100	–
Interest coverage ratio (%)	100	100	–

II. CONVERTIBLE CORPORATE BOND

Not applicable.

Chapter 10

Independent Auditor's Report

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

信永中和(香港)會計師事務所有限公司
香港銅鑼灣希慎道33號
利園一期43樓

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

OPINION

We have audited the consolidated financial statements of Yankuang Energy Group Company Limited (formerly known as Yanzhou Coal Mining Company Limited, the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 193 to 345, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

IMPAIRMENT OF INTANGIBLE ASSETS

Refer to note 22 to the consolidated financial statements.

The key audit matter

We have identified the impairment of intangible assets as a key audit matter because of its significance to the consolidated financial statements and the Group's assessment of impairment of intangible assets is a judgemental process which requires estimates concerning the forecast future cash flows associated with the assets in determining the recoverable amount.

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

How the matter was addressed in our audit

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

We have also considered the overall reasonableness of the forecast future cash flows associated with the intangible assets.

Besides, we have also challenged the possible changes in these key assumptions.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Refer to note 23 to the consolidated financial statements.

The key audit matter

We have identified the impairment of property, plant and equipment as a key audit matter because of its significance to the consolidated financial statements of the Group and the Group's assessment of impairment of property, plant and equipment is a judgemental process which requires estimates concerning the forecast future cash flows associated with the assets in determining the recoverable amount.

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

How the matter was addressed in our audit

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

We have also considered the overall reasonableness of the forecast future cash flows associated with the property, plant and equipment.

Besides, we have also challenged the possible changes in these key assumptions.

IMPAIRMENT ASSESSMENT ON GOODWILL

Refer to note 27 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We have identified the impairment of goodwill as a key audit matter because of its significance to the consolidated financial statements and the Group's assessment of impairment of goodwill is a judgemental process which requires estimates concerning forecast future cash flows expected to arise from cash-generating unit and an appropriate discount rate in order to derive the value in use. The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to the valuation model may result in significant financial impact.	Our procedures were designed to evaluate management's impairment assessment process and challenge the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information and internal forecasts, together with other externally available information and sensitivity analysis. We have also considered the overall reasonableness of the forecast future cash flows associated with the cash-generating unit. Besides, we have also considered the potential impact of reasonably possible changes in these key assumptions.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lau Kai Wong.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623
Hong Kong
30 March 2022

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Gross sales of coal	7	**83,796,609**	65,419,830
Railway transportation service income		**337,560**	377,800
Gross sales of electricity and heat supply		**2,699,299**	743,109
Gross sales of equipment manufacturing		**380,133**	149,289
Gross sales of chemical products		**21,402,046**	2,432,992
Total revenue		**108,615,647**	69,123,020
Transportation costs		**(3,367,180)**	(3,860,107)
Cost of sales and services provided	8	**(47,320,582)**	(48,351,397)
Cost of electricity and heat supply		**(2,798,402)**	(616,558)
Cost of equipment manufacturing		**(309,314)**	(144,339)
Cost of chemical products		**(14,885,010)**	(2,058,252)
Total cost of sales		**(68,680,488)**	(55,030,653)
Gross profit		**39,935,159**	14,092,367
Selling, general and administrative expenses	9	**(15,115,462)**	(8,433,320)
Share of results of associates		**1,810,546**	1,428,519
Share of results of joint ventures		**257,580**	(305,733)
Other income and gains	10	**2,720,320**	10,301,560
Loss on reconsolidation of Watagan	47(B)	**–**	(6,844,010)
Finance costs	11	**(5,319,334)**	(2,867,029)
Profit before tax	13	**24,288,809**	7,372,354
Income tax expenses	12	**(5,469,609)**	(1,815,033)
Profit for the year		**18,819,200**	5,557,321
Attributable to:			
Equity holders of the Company		**16,941,435**	6,318,000
Owners of perpetual capital securities	43	**178,664**	491,042
Non-controlling interests			
– Perpetual capital securities	43	**–**	56,656
– Other		**1,699,101**	(1,308,377)
		18,819,200	5,557,321
Earnings per share, basic	16	**RMB3.48**	RMB1.29
Earnings per share, diluted	16	**RMB3.47**	RMB1.29

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 RMB'000	2020 RMB'000
Profit for the year	**18,819,200**	5,557,321
Other comprehensive (expense) income (after income tax):		
Items that will not be reclassified subsequently to profit or loss:		
Fair value change on equity investments at fair value through other comprehensive income ("FVTOCI")	**(918)**	1,423
Income tax relating to item that will not be reclassified subsequently	**229**	(356)
	(689)	1,067
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
Cash flow hedge amounts recognised in other comprehensive income	**(520,435)**	1,226,908
Reclassification adjustments for amounts transferred to income statement	**459,066**	609,981
Deferred taxes	**18,411**	(551,067)
	(42,958)	1,285,822
Share of other comprehensive expense of associates	**(42,906)**	(140,352)
Exchange difference arising on translation of foreign operations	**(2,918,115)**	836,788
Other comprehensive (expense) income for the year	**(3,004,668)**	1,983,325
Total comprehensive income for the year	**15,814,532**	7,540,646
Attributable to:		
Equity holders of the Company	**14,896,144**	7,399,860
Owners of perpetual capital securities	**178,664**	491,042
Non-controlling interests		
– Perpetual capital securities	**–**	56,656
– Other	**739,724**	(406,912)
	15,814,532	7,540,646

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Current assets			
Bank balances and cash	17	**40,044,795**	17,116,460
Pledged term deposits	17	**160,000**	1,010,256
Restricted cash	17	**5,367,672**	6,415,643
Bills and accounts receivables	18	**13,602,107**	7,291,455
Royalty receivable	19	**105,829**	97,935
Inventories	20	**7,806,715**	7,113,633
Prepayments and other receivables	21	**20,261,343**	16,684,986
Long-term receivables – due within one year	31	**1,445,352**	1,763,523
Financial assets at fair value through profit or loss	39	**150,481**	50,356
		88,944,294	57,544,247
Assets classified as held for sale	33	**7,904**	8,578
		88,952,198	57,552,825
Non-current assets			
Intangible assets	22	**75,528,799**	72,714,205
Property, plant and equipment	23	**75,270,589**	65,516,221
Right-of-use assets	24	**3,933,816**	5,365,499
Investment properties	25	**1,414,126**	1,389,163
Construction in progress	26	**11,910,634**	20,635,959
Prepayments for property, plant and equipment and intangible assets		**12,149,077**	20,666,014
Goodwill	27	**1,720,498**	1,754,149
Investments in securities	32	**594,183**	444,613
Interests in associates	28	**19,488,070**	18,580,156
Interests in joint ventures	29	**661,077**	445,411
Long-term receivables – due after one year	31	**6,343,092**	4,720,330
Royalty receivable	19	**914,055**	1,009,562
Deposits made on investments		**298,956**	178,055
Deferred tax assets	41	**2,779,837**	2,037,096
		213,006,809	215,456,433
Total assets		**301,959,007**	273,009,258

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Current liabilities			
Bills and accounts payables	34	**22,995,923**	21,812,134
Other payables and accrued expenses	35	**36,647,289**	41,800,325
Contract liabilities	35	**4,982,639**	3,176,540
Provision for land subsidence, restoration, rehabilitation and environmental costs	36	**966,925**	13,129
Provision	37	**52,695**	61,114
Amounts due to Parent Company and its subsidiaries	49	**2,693,959**	2,111,472
Borrowings – due within one year	38	**25,205,390**	31,382,126
Financial liabilities at fair value through profit or loss	39	**59,132**	231,971
Lease liabilities	24	**184,117**	955,963
Tax payable		**2,491,895**	1,028,274
Long term payables – due within one year	40	**1,518**	3,174
		96,281,482	102,576,222
Non-current liabilities			
Provision for land subsidence, restoration, rehabilitation and environmental costs	36	**3,692,198**	3,410,120
Provision	37	**1,115,839**	1,047,780
Borrowings – due after one year	38	**78,194,707**	60,880,818
Lease liabilities	24	**915,911**	1,634,000
Long term payables – due after one year	40	**3,623,604**	2,918,195
Deferred tax liabilities	41	**10,178,780**	8,458,913
		97,721,039	78,349,826
Total liabilities		**194,002,521**	180,926,048
Capital and reserves			
Share capital	42	**4,874,184**	4,860,000
Reserves	42	**63,783,476**	53,034,751
Equity attributable to equity holders of the Company		**68,657,660**	57,894,751
Owners of perpetual capital securities	43	**8,118,100**	5,217,667
Non-controlling interests			
– Others		**31,180,726**	28,970,792
		107,956,486	92,083,210
Total liabilities and equity		**301,959,007**	273,009,258

The consolidated financial statements on pages 193 to 345 were approved and authorised for issue by the Board of Directors on 30 March 2022 and are signed on its behalf by:

Li Wei	**Zhao Qingchun**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Attributable to equity holders of the Company												Non-controlling interests		
	Share capital RMB'000 (note 42)	Share premium RMB'000	Capital reserve RMB'000 (note 42)	Share option reserve RMB'000	Future development fund RMB'000 (note 42)	Statutory common reserve fund RMB'000 (note 42)	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained earnings RMB'000 (note 42)	Total RMB'000	Perpetual Capital Securities issued by the Company RMB'000 (note 43)	Perpetual Capital Securities issued by a subsidiary RMB'000 (note 43)	Others RMB'000	Total RMB'000
At 1 January 2020	4,912,016	2,967,947	(213,259)	32,553	969,450	6,857,167	(6,652,427)	392,248	(1,025,001)	45,879,106	54,119,800	10,311,611	3,417,351	17,499,843	85,348,605
Profit for the year	-	-	-	-	-	-	-	-	-	6,318,000	6,318,000	491,042	56,656	(1,308,377)	5,557,321
Other comprehensive income (expense) for the year (after income tax):			-												
- Fair value change of equity instruments at FVTOCI	-	-	-	-	-	-	-	1,067	-	-	1,067	-	-	-	1,067
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	-	781,459	-	781,459	-	-	504,363	1,285,822
- Share of other comprehensive expense from associates	-	-	-	-	-	-	-	(140,352)	-	-	(140,352)	-	-	-	(140,352)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	439,686	-	-	-	439,686	-	-	397,102	836,788
Total comprehensive income (expense) for the year	-	-	-	-	-	-	439,686	(139,285)	781,459	6,318,000	7,399,860	491,042	56,656	(406,912)	7,540,646
Transactions with owners															
- Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(5,000,000)	(3,417,351)	-	(8,417,351)
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(584,986)	(56,656)	-	(641,642)
- Share repurchased	(52,016)	(232,583)	-	-	-	-	-	-	-	-	(284,599)	-	-	-	(284,599)
- Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	11,929,870	11,929,870
- Appropriations to reserves	-	-	-	-	-	509,907	-	-	-	(509,907)	-	-	-	-	-
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(548,214)	(548,214)
- Dividends	-	-	-	-	-	-	-	-	-	(2,818,800)	(2,818,800)	-	-	-	(2,818,800)
- Recognition of share based payment expenses	-	-	-	31,898	-	-	-	-	-	-	31,898	-	-	(7,341)	24,557
- Transactions with non-controlling interests (note (i))	-	-	(553,408)	-	-	-	-	-	-	-	(553,408)	-	-	503,546	(49,862)
Total transactions with owners	(52,016)	(232,583)	(553,408)	31,898	-	509,907	-	-	-	(3,328,707)	(3,624,909)	(5,584,986)	(3,474,007)	11,877,861	(806,041)
At 31 December 2020	4,860,000	2,735,364	(766,667)	64,451	969,450	7,367,074	(6,212,741)	252,963	(243,542)	48,868,399	57,894,751	5,217,667	-	28,970,792	92,083,210

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2021

	Attributable to equity holders of the Company												Non-controlling interests		
	Share capital RMB'000 (note 42)	Share premium RMB'000	Capital reserve RMB'000 (note 42)	Share option reserve RMB'000	Future development fund RMB'000 (note 42)	Statutory common reserve fund RMB'000 (note 42)	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained earnings RMB'000 (note 42)	Total RMB'000	Perpetual Capital Securities issued by the Company RMB'000 (note 43)	Perpetual Capital Securities issued by a subsidiary RMB'000 (note 43)	Others RMB'000	Total RMB'000
At 1 January 2021	4,860,000	2,735,364	(766,667)	64,451	969,450	7,367,074	(6,212,741)	252,963	(243,542)	48,868,399	57,894,751	5,217,667	-	28,970,792	92,083,210
Profit for the year	-	-	-	-	-	-	-	-	-	16,941,435	16,941,435	178,664	-	1,699,101	18,819,200
Other comprehensive income for the year (after income tax):															
- Fair value change of equity instruments at FVTOCI	-	-	-	-	-	-	-	(689)	-	-	(689)	-	-	-	(689)
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	-	(26,746)	-	(26,746)	-	-	(16,212)	(42,958)
- Share of other comprehensive expense from associates	-	-	-	-	-	-	-	(42,906)	-	-	(42,906)	-	-	-	(42,906)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(1,974,950)	-	-	-	(1,974,950)	-	-	(943,165)	(2,918,115)
Total comprehensive income (expense) for the year	-	-	-	-	-	-	(1,974,950)	(43,595)	(26,746)	16,941,435	14,896,144	178,664	-	739,724	15,814,532
Transactions with owners															
- Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	7,984,270	-	-	7,984,270
- Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(5,000,000)	-	-	(5,000,000)
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(262,501)	-	-	(262,501)
- Issue of shares upon exercise of share option	14,184	145,624	-	(31,347)	-	-	-	-	-	-	128,461	-	-	-	128,461
- Lapsed of share options				(7,291)						7,291	-	-	-	-	-
- Appropriations to reserves	-	-	-	-	-	402,793		-	-	(402,793)	-	-	-	-	-
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,210)	(2,210)
- Dividends	-	-	-	-	-	-	-	-	-	(4,874,184)	(4,874,184)	-	-	-	(4,874,184)
- Recognition of equity-settled share based payment expenses	-	-	-	15,118	-	-	-	-	-	-	15,118	-	-	4,231	19,349
- Deemed contribution, net of tax (note (ii))	-	-	672,176	-	-	-	-	-	-	-	672,176	-	-	407,451	1,079,627
- Transactions with non-controlling interests (note (i))	-	-	(74,806)	-	-	-	-	-	-	-	(74,806)	-	-	1,060,738	985,932
Total transactions with owners	14,184	145,624	597,370	(23,520)	-	402,793	-	-	-	(5,269,686)	(4,133,235)	2,721,769	-	1,470,210	58,744
At 31 December 2021	4,874,184	2,880,988	(169,297)	40,931	969,450	7,769,867	(8,187,691)	209,368	(270,288)	60,540,148	68,657,660	8,118,100	-	31,180,726	107,956,486

Note (i) During the year ended 31 December 2021, the non-controlling shareholders of certain non-wholly owned subsidiaries made capital injection in aggregate of approximately RMB986 million and resulted in approximately RMB75 million debited to capital reserves. During the year ended 31 December 2020, the non-controlling shareholders of certain non-wholly owned subsidiaries made capital injection in aggregate of approximately RMB624 million and the Group acquired additional interests in certain non-wholly owned subsidiaries for an aggregate cash consideration of approximately RMB674 million and result in approximately RMB553 million debited to capital reserves.

(ii) Shandong Energy provided a loan to Yancoal Australia at an interest rate lower than the normal market rate as a deemed contribution to Yancoal Australia.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
OPERATING ACTIVITIES			
Profit before tax		**24,288,809**	7,372,354
Adjustments for:			
Finance costs	11	**5,319,334**	2,867,029
Interest income	10	**(1,318,283)**	(1,003,656)
Net unrealised foreign exchange loss		**(225,557)**	520,493
Gain on remeasurement of interest in an associate	10	**–**	(1,664,006)
Loss on reconsolidation of Watagan		**–**	6,844,010
Gain on acquisition and remeasurement of Moolarben	10	**–**	(3,233,058)
Gain on bargain purchase on acquisition of subsidiaries	10	**–**	(864,883)
Depreciation of property, plant and equipment	13	**7,858,064**	5,940,712
Depreciation of right-of-use assets	13	**339,275**	240,434
Amortisation of intangible assets	13	**2,930,400**	2,353,777
(Gain) loss on disposal of property, plant and equipment, net	10/9	**(57,596)**	68,130
Gain on disposal of intangible assets	10	**(14,317)**	–
Impairment loss on bills and accounts receivables, net	9	**13,504**	55,348
Impairment loss on other receivables, net	9	**584,148**	909,628
Reversal of impairment loss on other receivables	9	**(50,474)**	–
Impairment loss on long-term receivables, net	9	**15,915**	27,735
(Reversal of) impairment loss on inventories, net	10/9	**(40,443)**	47,300
Impairment loss on goodwill	9	**8,197**	–
Impairment loss on property, plant and equipment	9	**49,658**	–
Impairment loss on intangible assets, net	9	**428,378**	–
Written-off of construction in progress	9	**633,626**	–
Impairment loss on interest in associate	9	**–**	6,158
Fair value change in investment properties	10	**(24,963)**	(128,268)
Share of results of joint ventures		**(257,580)**	305,733
Share of results of associates		**(1,810,546)**	(1,428,519)
Share-based payment expenses	13	**19,349**	24,557
Gain on change in fair value of financial assets at FVTPL	10	**(60)**	(340)
Loss on change in fair value of derivative financial instruments, net	9	**142,558**	70,557
(Gain) loss on change in fair value of royalty receivable	10/9	**(16,762)**	45,938
Operating cash flows before movements in working capital		**38,814,634**	19,377,163
(Increase) decrease in bills and accounts receivables		**(6,465,544)**	2,264,522
Increase in inventories		**(669,920)**	(354,782)
Movement in provision for land subsidence, restoration, rehabilitation and environmental cost		**1,507,380**	1,308,296
Decrease in provisions		**496,877**	(1,215,231)
(Increase) decrease in prepayments and other receivables		**(845,199)**	628,576
Decrease in royalty receivable		**17,346**	72,890
Increase (decrease) in bills and accounts payables		**2,074,271**	(1,296,518)
Increase (decrease) in other payables and accrued expenses		**1,098,470**	(9,164,889)
Increase (decrease) in contract liabilities		**1,806,099**	(100,392)
Increase in amount due to Parent Company and its subsidiaries		**582,487**	1,017,765
Decrease in long-term payables		**(392,329)**	(1,723,831)
Cash generated from operations		**38,024,572**	10,813,569
Income taxes paid		**(3,355,939)**	(2,798,489)
Interest paid		**(6,251,542)**	(2,054,787)
Interest received		**1,398,633**	998,505

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
NET CASH FROM OPERATING ACTIVITIES		**29,815,724**	6,958,798
INVESTING ACTIVITIES			
Withdrawal (placement) of pledged term deposits		**1,010,256**	–
Placement of pledged term deposits		**(160,000)**	(800,256)
Withdrawal of restricted cash		**2,575,310**	2,304,404
Placement of restricted cash		**(1,527,339)**	(4,446,392)
Purchase of property, plant and equipment		**(4,500,363)**	(1,497,593)
Payments for construction in progress		**(7,036,446)**	(2,019,145)
Purchase of intangible assets		**(6,343,578)**	(546,695)
Payments for right-of-use assets		**–**	(724,084)
Decrease (increase) in deposit paid for property, plant and equipment and intangible assets		**8,516,937**	(2,294,555)
Proceeds from disposal of property, plant and equipment		**941,991**	298,246
Proceeds from disposal of intangible assets		**186,259**	–
Net cash outflow arising on acquisition of subsidiaries		**–**	(6,938,590)
Investments in securities		**(150,428)**	(31,249)
Investments in associates		**(136,607)**	(146,300)
Proceed from disposal of assets classified as held for sale		**–**	212,007
Proceed from disposal of an associate		**–**	25,203
Payments for acquisition of subsidiaries		**(11,578,889)**	–
Payments for financial instruments at fair value through profit or loss		**(100,414)**	–
Loan receivables advanced		**(5,395,168)**	(1,163,568)
Repayment of loan receivables		**780,366**	6,840,868
Increase in deposits in investment		**(120,901)**	(60,129)
Dividend received from associates		**569,274**	720,306
NET CASH USED IN INVESTING ACTIVITIES		**(22,469,740)**	(10,267,522)
FINANCING ACTIVITIES			
Proceeds from borrowings		**47,800,026**	22,269,022
Repayment of borrowings		**(34,705,687)**	(20,323,927)
Proceeds from issuance of guaranteed notes		**10,883,919**	18,725,304
Customers' deposits for financing business received		**6,190,815**	852,929
Proceeds from issuance of perpetual capital security		**7,984,270**	–
Redemption of perpetual capital securities		**(5,000,000)**	(8,417,351)
Repayment of guaranteed notes		**(11,733,168)**	(8,498,800)
Dividends paid		**(4,875,666)**	(4,723,044)
Repayment of lease liabilities		**(1,423,889)**	(513,259)
Distribution paid to holders of perpetual capital securities		**(262,501)**	(641,642)
Dividend paid to non-controlling shareholders		**(2,210)**	(548,214)
Payments for acquisition of additional interests in subsidiaries		**–**	(674,030)
Proceeds from issue of shares under global offering by a subsidiary			–
issuance (repurchase) of shares		**128,461**	(284,599)
Contribution from non-controlling interests		**985,932**	624,168
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**15,970,302**	(2,153,443)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**23,316,286**	(5,462,167)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**17,116,460**	22,789,951
Effect of foreign exchange rate		**(387,951)**	(211,324)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH		**40,044,795**	17,116,460

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

Yankuang Energy Group Company Limited (formerly known as Yanzhou Coal Mining Company Limited) (the "Company") is established as a joint stock company with limited liability in the People's Republic of China (the "PRC"). In April 2001, the status of the Company was changed to a Sino-foreign joint stock limited company. The Company's A shares are listed on the Shanghai Stock Exchange ("SSE") while its H shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The Company's parent and ultimate holding company is Yankuang Group Corporation Limited (the "Parent Company"), a state-owned enterprise in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the Group Profile section of the annual report.

Pursuant to a special resolution passed at the extraordinary general meeting held on 1 December 2021, the English name of the Company was changed from "Yanzhou Coal Mining Company Limited" to "Yankuang Energy Group Company Limited" and the Chinese name of the Company was changed from "兗州煤業股份有限公司" to "兗礦能源集團股份有限公司".

The principal activities of the Company are investment holdings, coal mining and coal railway transportation. The activities of its principal subsidiaries, associates, joint ventures and joint operations (together with the Company referred to as the "Group") are set out in notes 57, 28, 29 and 30 respectively.

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

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. BASIS OF PREPARATION AND PRESENTATION

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company also prepares a set of consolidated financial statements in accordance with the China Accounting Standards for Business Enterprises ("PRC GAAP").

These consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and by the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules").

Going concern assessment

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities of approximately RMB7,329,284,000 as at 31 December 2021.

In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the next twelve months from 31 December 2021 by taking into consideration the followings:

– The directors of the Company anticipate that the Group will generate positive cash flows from its operations; and

– The undrawn borrowings facilities available for immediate use.

2. BASIS OF PREPARATION AND PRESENTATION (Continued)

Based on the above, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2021. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

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

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") which are effective for the annual periods beginning on or after 1 January 2021:

Amendment to IFRS 16	Covid-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these financial statements.

New and amendments to IFRSs issued but not yet effective

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

IFRS 17	Insurance Contracts and related Amendments[3]
Amendments to IFRS 3	Reference to Conceptual Framework[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to IAS 8	Definition of Accounting Estimates[3]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Amendment to IFRSs	Annual Improvements to IFRSs 2018 – 2020 cycle[2]

1 Effective for annual periods beginning on or after 1 April 2021.

2 Effective for annual periods beginning on or after 1 January 2022.

3 Effective for annual periods beginning on or after 1 January 2023.

4 Effective for annual periods beginning on or after a date to be determined.

The directors of the Group anticipate, except as described below, that the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)") (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update a reference to IFRS 3 so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010). They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)- Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The effective date of Amendments to IFRS 10 and IAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company anticipate that the application of Amendments to IFRS 10 and IAS 28 will not have a material impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)") (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Based on the Group's outstanding liabilities as at 31 December 2021, the application of the amendments will not result in change in the classification of the Group's liabilities.

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)") (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (Continued)

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments to IAS 8 introduce the definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with earlier application permitted.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS(S)") (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group currently applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. The Group is still in the process of assessing the full impact of the application of the amendments.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are stated at fair value.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends are recognised in the Company's profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Business combination

Businesses combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

At the acquisition date, identifiable assets acquired and liabilities and contingent liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with IAS 12 *Income Taxes*;

- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 19 *Employee Benefits*;

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Business combination (Continued)

Non-controlling interests, unless as required by another standards, are measured at acquisition-date fair value except for non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets on a transaction-by-transaction basis.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period can not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounting for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value with corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reecognised on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

The Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Goodwill is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Investments in associates and joint ventures

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method, except for the investments classified as held for sale in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

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

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

When the investment ceases to be an associate or a joint venture upon the Group losing significant influence over the associate or joint control over the joint venture, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with the applicable standard. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is accounted for on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

Interests in joint operations

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

The Group, as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint operations (Continued)

When a group entity enters into a transaction with a joint operation in which the group entity is a joint operator, such as a sale or contribution of assets, the Group is considered to be conducting the transaction with the other parties to the joint operation and the Group recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

When a group entity enters into a transaction with a joint operation in which the group entity is a joint operator, such as a purchase of assets, the Group recognises its share of the gains and losses until it resells those assets to a third party.

Non-current assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale or disposal in its present condition subject only to terms that are usual and customary for sales or disposals of such assets (or disposal group) and the transaction is highly probable. Management must be committed to the transaction, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan or other transaction involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill)

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful life to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life will be tested for impairment annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as an income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

The Group recognised revenue from the following major sources:

- Sales of goods (including coal, equipment manufacturing and chemical products)
- Provision of coal railway transportation services, electricity and heat supply

Sales of goods

Revenue from sale of coal, equipment manufacturing and chemical products is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of the goods to the location specified by the customers and accepted by the customers). It is a point of time where the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Provision of services

Revenue from coal railway transportation services is recognised when the services are rendered.

Revenue from supply of electricity and heat is recognised at the time when the electricity or heat is transmitted.

Intangible assets

Intangible assets acquired separately

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

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are carried at cost less any accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

(i) Mining reserves

Mining reserves represent the portion of total proven and probable reserves in the mine. Mining reserves are amortised over the life of the mine on a unit of production basis of the estimated total proven and probable reserves. Changes in the annual amortisation rate resulting from changes in the remaining reserves are applied on a prospective basis from the commencement of the next financial year.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination (Continued)

(ii) Mining resources

Mining resources represent the fair value of economically recoverable reserves (excluding the portion of total proven and probable reserves of a mining right i.e. does not include the above mining reserves) of a mining right (Details are set out in the accounting policy of exploration and evaluation expenditure). When production commences, the mining resources for the relevant areas of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each separately identifiable area of interest which is at individual mine level.

Exploration and evaluation expenditure comprises costs that are directly attributable to:

– Researching and analysing existing exploration data;

– Conducting geological studies, exploratory drilling and sampling;

– Examining and testing extraction and treatments methods; and/or

– Compiling pre-feasibility and feasibility studies.

These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors.

Exploration expenditure relates to the initial search for deposits with economic potential. Expenditure on exploration activity is not capitalised.

Evaluation expenditure relates to a detailed assessment of deposits or other projects that have been identified as having economic potential. Capitalisation of evaluation expenditure commences when there is a high degree of confidence that the Group will determine that a project is commercially viable, i.e. the project will provide a satisfactory return relative to its perceived risks, and therefore it is considered probable that future economic benefits will flow to the Group.

Exploration and evaluation expenditure incurred is accumulated in respect of each separately identifiable area of interest which is at individual mine level. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through successful development and commercial exploitation, or alternatively, sale of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation expenditure (Continued)

The carrying amount of exploration and evaluation assets is assessed for impairment when facts or circumstances suggest the carrying amount of the assets may exceed their recoverable amount.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written-off in full in the period in which the decision to abandon the area is made.

Capitalised exploration and evaluation expenditure considered to be tangible is recorded as a component of property, plant and equipment. Otherwise, it is recorded as an intangible asset. Exploration and evaluation expenditure acquired in a business combination are recognised at their fair value at the acquisition date (the fair value of potential economically recoverable reserves at the acquisition date which is shown as “Mining resources”).

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable (i.e. when proved reserves of coal are determined and development is approved by management), the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining reserves or property, plant and equipment. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

On reclassification, the carrying amounts of exploration and evaluation assets are also reviewed and, where appropriate, written down to their recoverable amount.

Property, plant and equipment

Property, plant and equipment, other than construction in progress and freehold land, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Freehold lands are not depreciated and measured at cost less subsequent accumulated impairment loss.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is charged so as to write off the cost of items of property, plant and equipment, other than construction in progress and freehold land, over their estimated useful lives and after taking into account their estimated residual value, using the straight line method or unit of production method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Ownership interests in leasehold land and buildings (Continued)

Any gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised immediately in the consolidated statement of profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

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

If an item of property, plant and equipment becomes an investment property when there is a change in use, as supported by observable evidence, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. The revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

Construction in progress

Construction in progress represents production site development projects under construction for production or for its own use purposes. Construction in progress is carried at cost less any impairment loss. Costs included costs of constructing the manufacturing plant and acquisition of mining rights, mining permits and licenses that form an integral part of the overall development projects. Construction in progress is classified to the appropriate category of property, plant and equipment or intangible assets when completed and ready for intended use. Depreciation or amortisation commences when the assets are ready for their intended use.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and other financial institution and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the preparation of consolidated cash flow statement, cash and cash equivalents include bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories of coal, iron ore, equipment and chemical products are stated at the lower of cost and net realisable value. Cost, which comprises direct materials and, where applicable, direct labour and overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price less all further costs to completion and costs to be incurred in selling, marketing and distribution.

Inventories of auxiliary materials, spare parts and small tools expected to be used in production are stated at weighted average cost less allowance, if necessary, for obsolescence.

Overburden in advance

Overburden in advance comprises mining stripping (waste removal) costs both during the development and production phase of the Group's operations.

When stripping costs are included in the development phase of a mine before the production phase commences (development stripping), such expenditure is capitalised as part of the cost of constructing the mine if it can be demonstrated that it is probable that future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. The stripping assets are subsequently amortised over its useful life using a units of production method, in accordance with the policy applicable to mine properties. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

Waste removal costs incurred in the production phase creates two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is improved access to ore to be mined in the future, the costs are recognised as a stripping activity asset in mine properties.

If the costs of the inventory produced and the stripping asset are not separately identifiable, the allocation is undertaken based on waste-to-ore stripping ratio for the particular ore component concerned. If mining of waste in a period occurs in excess of the expected life-of-component average waste-to-ore strip ratio, the excess is recognised as part of the stripping asset. Where mining occurs at or below the expected life-of-component stripping ratio in a period, the entire production stripping cost is allocated to the cost of the ore inventory produced.

Amortisation is provided using the units-of-production method over the life of the identified component of ore body. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

Stripping costs that do not satisfy the asset recognition criteria are expensed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, interest in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Certain of the Company's Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the tax consolidated group recognises its own deferred tax assets and liabilities, except where the deferred tax assets relate to unused tax losses and credits, in which case the Australian subsidiaries recognises the assets. Australian subsidiaries have entered into a tax sharing agreement whereby each company of Australian subsidiaries contributes to the income tax payable in proportion to their contribution to the profit before tax of the tax consolidated group. The tax consolidated group has also entered into a tax funding agreement whereby each entity in Australian subsidiaries group can recognise their balance of the current tax assets and liabilities through inter-entity accounts.

Land subsidence, restoration, rehabilitation and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land above the underground mining sites. Depending on the circumstances, the Group may relocate inhabitants from the land above the underground mining sites prior to mining those sites or the Group may compensate the inhabitants for losses or damages from land subsidence after the underground sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the underground sites have been mined.

An estimate of such costs is recognised in the period in which the obligation is identified and is charged as an expense in proportion to the coal extracted. At the end of each reporting period, the Group adjusts the estimated costs in accordance with the actual land subsidence status. The provision is also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the undepreciated capitalised cost of any related assets, in which case the capitalised cost is reduced to nil and remaining adjustment is recognised in the consolidated statement of profit or loss. Changes to the capitalised cost result in an adjustment to future depreciation and finance charges.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

For contracts entered into or arising from business combinations, the Group assesses whether a contract is or contains a lease, at inception of the contract or acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date of a lease, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under IAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all leases.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Restoration provisions

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

All other borrowings costs are recognised as expenses in the period in which they are incurred.

Foreign currencies

In the individual financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e., the currency of the primary environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

In the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Renminbi) at the rate of exchange prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

Payments to defined contribution plans including included state-managed retirement benefit schemes and superannuation funds are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave are included in other payables and accrued expenses. Related on-costs are also included in other payables and accrued expenses as other creditors. Long service leave is provided for when it is probable that settlement will be required and it is capable of being measured reliably.

Employee benefits expected to be settled within 12 months are measured using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “Other income and gains” line item (note 10).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other income and gains" line item. Fair value is determined in the manner described in note 45c.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL (Continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for bills and accounts receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Significant increase in credit risk (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 4 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

Measurement and recognition of expected credit losses (Continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Perpetual capital securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the 'other incomes and gains' line item in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Hedge accounting (Continued)

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the “Other income and gains” line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Hedge accounting (Continued)

Cash flow hedges (Continued)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Share-based payment transactions

Share options granted to employees

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to other reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for goods or services acquired, measured initially at the fair value of the liability. At the end of the reporting period, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss for the year.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions (Continued)

Cash-settled share-based payment transactions (Continued)

In case of share options granted by a subsidiary, the share options reserve of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium of that subsidiary. The Group will account for the dilution as an equity transaction if the exercise of share options does not constitute a loss of the Group's control over that subsidiary.

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of intangible assets, right-of-use assets, property, plant and equipment and construction in progress for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosure made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

Going concern consideration

The assessment of the going concern assumptions involves making judgements by the management, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 2 to the consolidated financial statements.

Significant influence over associates

As stated in note 28, the directors of the Company considered that China Zheshang Bank Co., Ltd. ("Zheshang Bank"), 臨商銀行股份有限公司 ("Linshang Bank") and Qilu Bank Co. Ltd. ("Qilu Bank"), in which the Group has 4.39%, 18.33% and 7.80% equity interest respectively, are associates of the Group.

The Group considered that it has the practical power to participates in significant financial and operating decisions and are able to exercise significant influence over the associates even though it owns less than 20% of the ownership interest and voting control taking into account 1) the Group's ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; 2) the representation or right to appoint/nominate directors on the board of directors of these associates; and 3) the rights to participate in the policy-making process, including dividends and other distribution of the associate.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of mining structures

The cost of mining structures (note 23) is depreciated using the unit of production method based on the estimated total production volume for which the structure was designed that are based on the total estimated proven and probable reserves of each of the mine and the unit of production for the year. The management exercises their judgement in estimating the unit of production rates of the mining structures and the remaining estimated total production volume of the mine. The estimated total coal production volumes are updated at regular intervals and have taken into account recent production and technical information as well as the proven and probable estimated reserves about each mine. These changes are considered a change in estimate for accounting purposes and are reflected on a prospective basis in related depreciation rates. Estimates of the remaining estimated total production volume are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information.

Amortisation of assets

Mining reserve (note 22) is amortised based on unit of production basis. The expensing of overburden costs is based on saleable coal production over its estimated economically recoverable reserves. The units of production for each mine are estimated on the basis of the total estimated proven and probable reserves of the mine. Proven and probable mining reserve estimates are updated at regular intervals and have taken into account recent production and technical information about each mine.

Provision for land subsidence, restoration, rehabilitation and environmental costs

The provision (note 36) is reviewed regularly to verify that it properly reflects the remaining obligation arising from the current and past mining activities. Provision for land subsidence, restoration, rehabilitation and environmental costs are determined by the management based on their best estimates of the current and future costs, latest government policies and past experience.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated to. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate in order to calculate the present value. The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Cash flow projections during the budget period for each of the cash generating units are based on the budgeted revenue and expected gross margins during the budget period and the raw materials price inflation during the budget period. Expected cash inflows/outflows have been determined based on past performance and management's expectations for the market development.

As at 31 December 2021, the carrying amount of goodwill is RMB1,720,498,000 (2020: RMB1,754,149,000). During the year ended 31 December 2021, impairment loss on goodwill amounted approximately RMB8,197,000 (2020: nil) was recognised by the Group. Details of the Group's impairment assessment on goodwill are set out in note 27.

Estimated impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2021, the carrying amounts of property, plant and equipment and intangible assets were RMB75,270,589,000 and RMB75,528,799,000 (2020: RMB65,516,221,000 and RMB72,714,205,000) respectively. Details of the impairment of property, plant and equipment and intangible assets are disclosed in notes 23 and 22, respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Exploration and evaluation expenditure

Under the Group's accounting policy, exploration expenditure is not capitalised. Evaluation expenditure is capitalised when there is a high degree of confidence that the Group will determine that a project is commercially viable and therefore it is considered probable that future economic benefits will flow to the Group.

There are occasions when the Group concludes that the asset recognition criteria are met at an earlier stage than approval to proceed. In these cases, evaluation expenditure is capitalised if there is a high degree of confidence that the Group will determine the project is commercially viable. The Group's view is that a high degree of confidence is greater than "more likely than not" (that is greater than 50 per cent certainty) and less than "virtually certain" (that is less than 90 per cent certainty). Determining whether there is a high degree of confidence that the Group will determine that an evaluation project is commercially viable requires a significant degree of judgement and assessment of all relevant factors such as the nature and objective of the project; the project's current stage and project timeline; current estimates of the project's net present value including sensitivity analyses for the key assumptions; and the main risks of the project. Development expenditure incurred prior to the decision to proceed is subject to the same criteria for capitalisation, being a high degree of confidence that the Group will determine that a project is commercially viable.

In accordance with IFRS 6 "Exploration for and Evaluation of Mineral Resources", the criteria for the capitalisation of evaluation costs are applied consistently from period to period.

Subsequent recovery of the carrying value for evaluation costs depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are charged to the consolidated statement of profit or loss.

Impairment of bills and accounts receivables, other receivables and long-term receivables

The impairment provisions for bills and accounts receivables, other receivables and long-term receivables are based on assumptions about expected credit loss. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Due to the unprecedented nature of the COVID-19 pandemic, its effect on the Group's customers and their ability to meet their financial obligations to the Group is difficult to predict. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss.

At 31 December 2021, the carrying amount of bills and accounts receivables is approximately RMB13,602,107,000 (2020: RMB7,291,455,000), net of accumulated impairment losses of approximately RMB506,032,000 (2020: RMB501,078,000).

At 31 December 2021, the carrying amount of other receivables is approximately RMB10,740,558,000 (2020: RMB8,546,526,000), net of accumulated impairment losses of approximately RMB2,826,470,000 (2020: RMB2,336,746,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of bills and accounts receivables, other receivables and long-term receivables (Continued)

At 31 December 2021, the carrying amount of long-term receivables is approximately RMB7,788,444,000 (2020: RMB6,483,853,000), net of accumulated impairment losses of approximately RMB345,851,000 (2020: RMB336,756,000).

6. SEGMENT INFORMATION

The Group is engaged primarily in the mining business. The Group is also engaged in the coal railway transportation business. The Company does not currently have direct export rights in the PRC and all of its export sales is made through China National Coal Industry Import and Export Corporation ("National Coal Corporation"), Minmetals Trading Co., Ltd. ("Minmetals Trading") and/or Shanxi Coal Imp. & Exp. Group Corp. ("Shanxi Coal Corporation"). The final customer destination of the Company's export sales is determined by the Company, National Coal Corporation, Minmetals Trading and/or Shanxi Coal Corporation. The exploitation right of the Group's foreign subsidiaries is not restricted. Certain of the Company's subsidiaries and associates are engaged in manufacturing and trading of mining machinery and the transportation business via rivers and lakes and provision of financial services in the PRC. No separate segment information about these businesses is presented in these financial statements as the underlying gross sales, results and assets of these businesses, which are currently included in the mining business segment, are insignificant to the Group. Upon the acquisition of Yankuang Donghua Heavy Industry Limited ("Donghua") in 2016, the Group is also engaged in the manufacturing of comprehensive coal mining and excavating equipment. In addition, certain of the Company's subsidiaries are engaged in production of methanol and other chemical products, and provision of heat and electricity which was classified as "Methanol, electricity and heat supply" business in prior year. Since late 2020, the Group expanded into the manufacturing and sale of different types of chemical products since late 2020, and which became a new reportable segment "Chemcial products" in the current year. Accordingly, the segment information disclosed for the year ended 31 December 2020 had been re-presented.

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

For management purposes, the Group is currently organised into five operating divisions-coal mining, smart logistics, electricity and heat supply, equipment manufacturing and chemical products. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:

Coal mining	Underground and open-cut mining, preparation and sales of coal and potash mineral exploration
Smart logistics	Provision of transportation services
Electricity and heat supply	Provision of electricity and related heat supply services
Equipment manufacturing	Manufacturing of comprehensive coal mining and excavating equipment
Chemical products	Production and sales of chemical products

The accounting policies of the reportable segments are same as the Group's accounting policies described in note 4. Segment results represents the results of each segment without allocation of corporate expenses, directors' emoluments, share of results of associates and joint ventures, interest income, interest expenses and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

6. SEGMENT INFORMATION (Continued)

Unallocated corporate income for the years ended 31 December 2021 and 2020 mainly included gain on sales of auxiliary materials and sundry items and other corporate income.

Unallocated corporate expenses for the years ended 31 December 2021 and 2020 mainly included bank charges, salaries and other employee benefits, miscellaneous taxes and sundry items and other corporate expenses.

Unallocated corporate assets at 31 December 2021 and 2020 mainly included certain bank balances and cash, investments in securities, deferred tax assets and sundry items and other corporate assets.

Unallocated corporate liabilities at 31 December 2021 and 2020 mainly included borrowings, dividend payables, deferred tax liabilities and sundry items and other corporate liabilities.

(a) Segment revenues and results

Segment information about these businesses is presented below:

	For the year ended 31 December 2021							
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE								
External	83,796,609	337,560	2,699,299	380,133	21,402,046	–	–	108,615,647
Inter-segment	9,635,532	49,000	–	1,065,352	11,567,155	–	(22,317,039)	–
Total	93,432,141	386,560	2,699,299	1,445,485	32,969,201	–	(22,317,039)	108,615,647

	For the year ended 31 December 2021							
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
RESULTS								
Segment results	26,126,065	102,762	(621,668)	70,444	5,592,449	–	–	31,270,052
Unallocated corporate expenses	–	–	–	–	–	–	–	(6,643,385)
Unallocated corporate income	–	–	–	–	–	–	–	1,595,067
Interest income	–	–	–	–	–	–	–	1,318,283
Share of results of associates	30,055	50,689	96,249	–	–	1,633,553	–	1,810,546
Share of results of joint ventures	257,580	–	–	–	–	–	–	257,580
Finance costs	–	–	–	–	–	–	–	(5,319,334)
Profit before tax							–	24,288,809
Income tax expenses							–	(5,469,609)
Profit for the year							–	18,819,200

6. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

	For the year ended 31 December 2020 (re-presented)							
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE								
External	65,419,830	377,800	743,109	149,289	2,432,992	–	–	69,123,020
Inter-segment	1,827,549	50,590	383,640	806,431	–	–	(3,068,210)	–
Total	67,247,379	428,390	1,126,749	955,720	2,432,992	–	(3,068,210)	69,123,020

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

	For the year ended 31 December 2020 (re-presented)							
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
RESULTS								
Segment results	11,502,529	152,106	30,857	4,950	209,276	–	–	11,899,718
Unallocated corporate expenses	–	–	–	–	–	–	–	(6,802,868)
Unallocated corporate income	–	–	–	–	–	–	–	3,016,091
Interest income	–	–	–	–	–	–	–	1,003,656
Share of results of associates	471,974	37,803	36,216	–	–	882,526	–	1,428,519
Share of results of joint ventures	(305,733)	–	–	–	–	–	–	(305,733)
Finance costs	–	–	–	–	–	–	–	(2,867,029)
Profit before tax								7,372,354
Income tax expenses								(1,815,033)
Profit for the year								5,557,321

The revenue for the years ended 31 December 2021 and 2020 represented revenue from contracts with customers within the scope of IFRS 15.

Disaggregation of revenue from contracts with customers by timing of recognition

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Timing of revenue recognition		
At a point in time	**108,615,647**	69,123,020

6. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

	As at 31 December 2021						
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Consolidated RMB'000
ASSETS							
Segment assets	**172,877,053**	**374,595**	**3,912,725**	**4,595,186**	**50,947,172**	**–**	**232,706,731**
Interests in associates	**849,229**	**2,271,136**	**958,553**	**12,944**	**–**	**15,402,371**	**19,494,233**
Interests in joint ventures	**661,077**	**–**	**–**	**–**	**–**	**–**	**661,077**
Unallocated corporate assets							**49,096,966**
							301,959,007
LIABILITIES							
Segment liabilities	**50,284,537**	**156,047**	**1,568,621**	**2,783,970**	**21,965,474**	**–**	**76,758,649**
Unallocated corporate liabilities							**117,243,872**
							194,002,521

	As at 31 December 2020 (re-presented)						
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Consolidated RMB'000
ASSETS							
Segment assets	202,767,398	440,326	3,054,292	5,164,847	15,482,404	–	226,909,267
Interests in associates	1,203,015	2,115,795	1,056,530	–	–	14,204,816	18,580,156
Interests in joint ventures	445,411	–	–	–	–	–	445,411
Unallocated corporate assets							27,074,424
							273,009,258
LIABILITIES							
Segment liabilities	60,096,813	158,107	964,973	4,134,904	10,983,764	–	76,338,561
Unallocated corporate liabilities							104,587,487
							180,926,048

6. SEGMENT INFORMATION (Continued)

(c) Other segment information

	For the year ended 31 December 2021						
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Corporate RMB'000	Consolidated RMB'000
Capital additions	**11,039,786**	**22,534**	**26,630**	**1,191**	**232,960**	**89**	**11,323,190**
Additions of investments in associates	**14,470**	**24,000**	**–**	**12,000**	**–**	**98,000**	**148,470**
Amortisation of intangible assets	**2,276,318**	**–**	**8,572**	**100**	**645,257**	**153**	**2,930,400**
Depreciation of property, plant and equipment	**5,329,953**	**34,031**	**102,242**	**367,458**	**2,023,926**	**454**	**7,858,064**
Depreciation of right-of-use assets	**223,921**	**32,853**	**15,541**	**3,532**	**63,428**	**–**	**339,275**
Impairment loss (reversal) on:							
– inventories	**(40,443)**	**–**	**–**	**–**	**–**	**–**	**(40,443)**
– bills and accounts receivables, net	**13,504**	**–**	**–**	**–**	**–**	**–**	**13,504**
– other receivables, net	**533,674**	**–**	**–**	**–**	**–**	**–**	**533,674**
– long-term receivables	**15,915**	**–**	**–**	**–**	**–**	**–**	**15,915**
– intangible assets	**428,378**	**–**	**–**	**–**	**–**	**–**	**428,378**
– property, plant and equipment	**49,658**	**–**	**–**	**–**	**–**	**–**	**49,658**
– goodwill	**8,197**	**–**	**–**	**–**	**–**	**–**	**8,197**
Written-off of construction in progress	**633,626**	**–**	**–**	**–**	**–**	**–**	**633,626**

	For the year ended 31 December 2020						
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Corporate RMB'000	Consolidated RMB'000
Capital additions	94,141,309	62,018	22,846	772	729,606	94,255	95,050,806
Additions of investments in associates	–	–	–	–	–	4,185,045	4,185,045
Amortisation of intangible assets	2,327,121	–	10,624	3,614	12,265	153	2,353,777
Depreciation of property, plant and equipment	4,974,565	29,647	85,234	396,520	454,325	421	5,940,712
Depreciation of right-of-use assets	229,008	5,372	1,678	3,501	875	–	240,434
Impairment loss on:							
– inventories	47,300	–	–	–	–	–	47,300
– bills and accounts receivables, net	55,348	–	–	–	–	–	55,348
– other receivables, net	909,628	–	–	–	–	–	909,628
– long-term receivables	27,735	–	–	–	–	–	27,735
Gain on bargain purchase	(864,883)	–	–	–	–	–	(864,883)
Loss on reconsolidation of Watagan	6,844,010	–	–	–	–	–	6,844,010
Gain on remeasurement of associate	(1,664,006)	–	–	–	–	–	(1,664,006)
Gain on acquisition on remeasurement of Moolarben	(3,233,058)	–	–	–	–	–	(3,233,058)

6. SEGMENT INFORMATION (Continued)

GEOGRAPHICAL INFORMATION

The following table sets out the geographical information. The geographical location of sales to external customers is based on the location at which the services were provided or the destination of goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates and joint ventures.

The geographical information of revenue from contracts with customers are as follows:

	Revenue from external customers For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
The PRC (place of domicile)	**79,998,314**	52,701,471
Australia	**4,165,272**	3,192,398
Others	**24,452,061**	13,229,151
Total	**108,615,647**	69,123,020

The geographical information of non-current assets (note) are as follows:

	Non-current assets At 31 December	
	2021	2020
	RMB'000	RMB'000
The PRC (place of domicile)	**157,361,235**	156,181,336
Australia	**42,898,964**	49,036,602
Canada	**1,816,487**	1,848,839
Total non-current assets	**202,076,686**	207,066,777

Note: Non-current assets excluded investments in securities, long-term receivables, royalty receivable, deposits made on investments and deferred tax assets.

7. GROSS SALES OF COAL

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Coal sold in the PRC, gross	**55,842,467**	50,363,876
Coal sold outside the PRC, gross	**27,954,142**	15,055,954
	83,796,609	65,419,830

8. COST OF SALES AND SERVICES PROVIDED

Cost of sales and services provided included:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages and employee benefits	**7,948,401**	6,636,346
Depreciation of property, plant and equipment	**7,197,871**	4,765,342
Depreciation of right-of-use assets	**242,906**	190,313
Amortisation of mining rights	**2,793,383**	2,306,036

9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses included:

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Wages and employee benefits	**3,743,296**	3,477,437
Amortisation of intangible assets	**137,017**	47,741
Depreciation of property, plant and equipment	**660,193**	657,527
Depreciation of right-of-use assets	**96,369**	50,121
Impairment loss on inventories	**37,649**	47,300
Impairment loss on bills and accounts receivables, net	**13,504**	55,348
Impairment loss on prepayment and other receivables, net (note 1)	**533,674**	909,628
Impairment loss on long-term receivables, net	**15,915**	27,735
Impairment loss on intangible assets, net (note 2)	**428,378**	–
Impairment loss on property, plant and equipment	**49,658**	–
Written-off of construction in progress	**633,626**	–
Impairment loss on goodwill	**8,197**	–
Impairment loss on interest in associate	**–**	6,158
Loss on disposals of property, plant and equipment	**–**	68,130
Loss on change in financial liabilities at fair value through profit or loss, net	**142,558**	70,557
Loss on change in fair value of royalty receivable	**–**	45,938

Note 1: net of approximately RMB55,000 (2020: nil) previously written-off uncollectible receivable recovered during the year.

Note 2: net of approximately RMB61,675,000 (2020: nil) reversal of impairment loss on construction in progress during the year.

10. OTHER INCOME AND GAINS

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Gain on sales of auxiliary materials	**89,191**	2,258,248
Interest income	**1,318,283**	1,003,656
Gain on change in fair value of royalty receivable	**16,762**	–
Gain on change in fair value of financial assets at FVTPL	**60**	340
Gain on remeasurement of an associate (note 47 C)	**–**	1,664,006
Government grants (note a)	**169,279**	332,786
Gain on acquisition and remeasurement of Moolarben	**–**	3,233,058
Gain on bargain purchase on acquisition of subsidiaries	**–**	864,883
Gain on disposal of property, plant and equipment, net	**57,596**	–
Gain on disposal of intangible assets	**14,317**	–
Gain on change in fair value of investment properties	**24,963**	128,268
Reversal of impairment loss on inventory	**78,092**	–
Exchange gain, net	**449,397**	203,176
Others	**502,380**	613,139
	2,720,320	10,301,560

Note:

a Government grants mainly represented subsidies provided to the Group to finance its operations and there were no unfulfilled conditions.

11. FINANCE COSTS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest expenses on:		
– Bank and other borrowings	**5,652,715**	3,218,624
– Lease liabilities	**57,841**	74,084
	5,710,556	3,292,708
Less: interest expenses capitalised into construction in progress	**(391,222)**	(425,679)
	5,319,334	2,867,029

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.11% to 6% (2020: 4.35% to 6%) per annum to expenditure on qualifying assets.

12. INCOME TAX EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Income taxes:		
Current period taxes*	**6,434,967**	2,935,191
Deferred taxes (note 41)	**(965,358)**	(1,120,158)
	5,469,609	1,815,033

* included current income tax expenses of RMB4,819,560,000 and deferred tax income tax expenses of RMB1,615,407,000.

Except for certain subsidiaries in the PRC that are entitled to a preferential tax rate of 15%, the Company and its subsidiaries in the PRC are subject to the standard income tax rate of 25% on its taxable income (2020: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

12. INCOME TAX EXPENSES (Continued)

The total tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before tax	**24,288,809**	7,372,354
Standard income tax rate in the PRC	**25%**	25%
Standard income tax rate applied to profit before tax	**6,072,202**	1,843,089
Reconciling items:		
Tax effect of expenses not deductible for tax purpose	**574,925**	1,798,728
Utilisation of unrecognised tax losses in prior years	**(61,874)**	(128,091)
Effect of tax rate differences in other taxation jurisdictions	**(1,094,435)**	(615,186)
Tax effect of share of results of associates and joint ventures	**(517,032)**	(280,697)
Changes in tax base of assets (note)	**(23,954)**	(953,894)
Tax effect of tax losses not recognised	**519,777**	15,504
Others	**–**	135,580
Income taxes	**5,469,609**	1,815,033
Effective income tax rate	**22.52%**	24.62%

Note: The amount represented the tax benefits relating to the finalisation of tax bases arising from Yancoal Australia in prior years.

13. PROFIT BEFORE TAX

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	**2,930,400**	2,353,777
Depreciation of property, plant and equipment	**7,858,064**	5,940,712
Depreciation of right-of-use assets	**339,275**	240,434
Auditors' remuneration	**16,011**	16,830
Staff costs, including directors', chief executive director's, supervisors' and management team's emoluments	**9,138,402**	9,046,429
Retirement benefit scheme contributions (included in staff costs above)	**2,590,152**	2,255,140
Share-based payments expenses (included in staff costs above)	**19,349**	24,557
Cost of inventories recognised as expenses	**19,544,126**	25,197,475
Research and development costs	**1,139,629**	508,617

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Directors', chief executive director's, supervisors' and management team's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended 31 December 2021			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Independent non-executive directors				
Tianhui	150	–	–	150
Zhu Limin	150	–	–	150
Cai Chang	150	–	–	150
Poon Chiu Kwok	150	–	–	150
	600	–	–	600
Executive directors				
Wu Xiangqian[2]*	–	–	–	–
Xiao Yaomeng[1]	–	1,155	181	1,336
Huang Xiaolong[1]	–	386	58	444
Zhao Qingchun	–	1,080	169	1,249
He Jing[2]	–	1,011	156	1,167
Wang Ruolin	–	1,006	157	1,163
Zhu Qingrui[1]*	–	–	–	–
Liu Jian[7]	–	1,247	194	1,441
	–	5,885	915	6,800
Chief executive director				
Li Xiyong[3]	–	–	–	–
Li Wei*[1]	–	–	–	–

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

	For the year ended 31 December 2021			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Supervisors				
Zhou Hong*	–	–	–	–
Gu Shisheng[2]*	–	–	–	–
Zhu Hao[1]*	–	–	–	–
Deng Hui[4]	–	760	118	878
Li Shipeng*	–	–	–	–
Qin Yanpo*	–	–	–	–
Su Li	–	1,009	158	1,167
Zheng Kai[5]	–	806	129	935
	–	2,575	405	2,980
Other management team				
Jin Qingbin[6]	–	792	125	917
Zhang Chuanchang	–	1,024	160	1,184
Wang Chunyao[8]	–	1,026	160	1,186
Wang Peng[9]	–	747	117	864
Tian Zhaohua	–	590	91	681
Zhang Lei	–	2,361	–	2,361
Zhang Yanwei[10]	–	188	28	216
Liu Qiang[11]	–	1,058	165	1,223
Gong Zhijie	–	1,165	183	1,348
Li Weiqing[12]	–	941	147	1,088
Li Wei[6]	–	909	143	1,052
	–	10,801	1,319	12,120
Total	600	19,261	2,639	22,500

The executive directors', chief executive directors' and other management team's emoluments shown above were for their services to the management of the affairs of the Company and the Group.

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

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

* Emoluments of these directors and supervisors were borne by the Parent Company and there is no reasonable basis of allocating their emoluments to the Group.

1 Appointed on 20 August 2021

2 Resigned on 20 August 2021

3 Deceased on 10 April 2021

4 Appointed on 30 November 2021

5 Resigned on 30 November 2021

6 Resigned on 30 July 2021

7 Resigned on 20 February 2021

8 Resigned on 21 November 2021

9 Resigned on 9 August 2021

10 Appointed on 30 July 2021

11 Appointed on 29 September 2021

12 Appointed on 1 December 2021

	For the year ended 31 December 2020			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Independent non-executive directors				
Qi Anbang[1]	75	–	–	75
Kong Xiangguo[1]	75	–	–	75
Tianhui[2]	75			75
Zhu Limin[2]	75			75
Cai Chang	150	–	–	150
Poon Chiu Kwok	150	–	–	150
	600	–	–	600
Executive directors				
Wu Xiangqian	–	1,146	180	1,326
Guo Jun[1]	–	402	61	463
Li Wei[3]	–	715	111	826
Zhao Qingchun	–	891	139	1,030
He Jing[2]	–	920	144	1,064
Wang Ruolin[2]	–	1,059	166	1,225
Guo Dechun[1]	–	793	123	916
Liu Jian	–	995	156	1,151
	–	6,921	1,080	8,001
Chief executive director				
Li Xiyong*	–	–	–	–

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

	For the year ended 31 December 2020			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Supervisors				
Zhang Ning[1]	–	325	–	325
Zhou Hong*	–	–	–	–
Gu Shisheng*	–	–	–	–
Jiang Qingquan[1]	–	667	103	770
Meng Qinjian*[1]	–	–	–	–
Li Shipeng[2]	–	–	–	–
Qin Yanpo[2]	–	568	87	655
Su Li[4]	–	563	87	650
Zheng Kai	–	545	84	629
	–	2,668	361	3,029
Other management team				
Wang Fuqi[8]	–	946	148	1,094
Zhao Honggang[8]	–	952	149	1,101
Jin Qingbin	–	889	139	1,028
Zhang Chuanchang[6]	–	1,353	213	1,566
Wang Chunyao[6]	–	1,175	185	1,360
Wang Peng[6]	–	731	114	845
Tian Zhaohua[7]	–	618	96	714
Zhang Lei[5]	–	327	–	327
Gong Zhijie	–	953	149	1,102
	–	7,944	1,193	9,137
Total	600	17,533	2,634	20,767

The executive directors', chief executive directors' and other management team's emoluments shown above were for their services to the management of the affairs of the Company and the Group.

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

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

* Emoluments of these directors and supervisors were borne by the Parent Company and there is no reasonable basis of allocating their emoluments to the Group.

[1] Resigned on 18 June 2020

[2] Appointed on 19 June 2020

[3] Resigned on 3 September 2020

[4] Appointed on 17 June 2020

[5] Appointed on 27 March 2020

[6] Appointed on 22 April 2020

[7] Appointed on 9 December 2020

[8] Resigned on 22 April 2020

Employees' emoluments

The five highest paid individuals in the Group included three (2020: one) directors for the year ended 31 December 2021. The emoluments of the remaining two (2020: four) highest paid individuals were stated as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries, allowance and other benefits in kind	**10,356**	22,014
Retirement benefit scheme contributions	**222**	267
Discretionary bonuses	**7,971**	4,129
	18,549	26,410

Their emoluments were within the following bands:

	Year ended 31 December	
	2021	2020
HKD3,000,001 to HKD3,500,000	**–**	1
HKD4,500,001 to HKD5,000,000	**1**	–
HKD6,500,001 to HKD7,000,000	**–**	1
HKD7,000,001 to HKD7,500,000	**–**	1
HKD12,000,001 to HKD12,500,000	**–**	1
HKD16,500,001 to HKD17,000,000	**1**	–
	2	4

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Employees' emoluments (Continued)

None of the directors, chief executive director, supervisors, management team and the five highest paid individuals waived any emoluments in the year ended 31 December 2021 and 2020. No emoluments were paid by the Group to any of the directors, supervisors, management team or five highest paid individuals as an inducement to joining the Group or as compensation for loss of office.

15. DIVIDEND RECOGNISED AS DISTRIBUTION DURING THE YEAR

	2021 **RMB'000**	2020 RMB'000
2020 final dividend, RMB1.00 per share (2020: 2019 final dividend, RMB0.58 per share)	**4,874,184**	2,818,800

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

The board of directors proposes to declare a final dividend of RMB1.6 per share (tax inclusive) and a special dividend of RMB0.4 per share (tax inclusive) in respect of the year ended 31 December 2021. The declaration and payment of the dividend needs to be approved by the shareholders of the Company in the forthcoming general meeting.

16. EARNINGS PER SHARE

The calculation of the diluted earnings per share for the year ended 31 December 2021 is based on the profit for the year attributable to equity holders of the Company with an adjustment on effect of dilutive share incentive schemes of a non-wholly owned subsidiary. For the year ended 31 December 2020, no adjustment is made for the share of results of a subsidiary as the effect is anti-dilutive.

For the year ended 31 December 2021, the number of ordinary shares used in the calculation of diluted earnings per share is the weighted average number of ordinary shares in issue during the year as used in the basic earnings per share calculation and adjusted for the effect of potential ordinary shares from the Company's share options. For the year ended 31 December 2020, the assumed exercise price of the Company's outstanding share options was higher than the average market price of shares, and thus the computation of diluted earnings per share does not assume the exercise of the Company's share options.

16. EARNINGS PER SHARE (Continued)

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

	2021 RMB'000	2020 RMB'000
Earnings		
Profit for the year attributable to equity holders of the parent, used in the basic earnings per share calculation	**16,941,435**	6,318,000
Adjustment to the share of profit of a subsidiary based on dilution of their earnings	**(9,984)**	–
Earnings for the purpose of diluted earnings per share	**16,931,451**	6,318,000

	Number of shares ('000) 2021	2020
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**4,870,572**	4,883,878
Effect of dilutive potential ordinary shares:		
Share options	**13,212**	–
Weighted average number of ordinary shares used in the diluted earnings per share calculation	**4,883,784**	4,883,878

17. BANK BALANCES AND CASH, PLEDGED TERM DEPOSITS AND RESTRICTED CASH

Bank balances carry interest at market rates which ranged from 0.30% to 1.61% (2020: from 0.30% to 1.75%) per annum.

At the reporting date, the restricted cash mainly represents the bank acceptance bill deposits paid for safety work as required by the State Administrative of work safety and guarantee deposits for issuance of bank bills which carry interest at market rates of 0.30% to 0.42% (2020: 0.30% to 0.42%) per annum.

Pledged term deposits were pledged to certain banks as security for loans and banking facilities granted to the Group, which carry fixed interest rate ranging from 0.55% to 3.10% (2020: 0.55% to 3.10%) per annum.

18. BILLS AND ACCOUNTS RECEIVABLES

	At 31 December 2021 RMB'000	2020 RMB'000
Accounts receivables (at amortised cost)	**6,684,333**	4,479,924
Less: impairment loss	**(505,005)**	(500,704)
	6,179,328	3,979,220
Bills receivables (at FVTOCI)	**7,423,806**	3,312,609
Less: impairment loss	**(1,027)**	(374)
Total bills and accounts receivables, net	**13,602,107**	7,291,455

Bills receivable represents unconditional orders in writing issued by or negotiated from customers of the Group for completed sale orders which entitle the Group to collect a sum of money from banks or other parties. The bills are non-interest bearing and have a maturity of six months.

As at 31 December 2021, the gross amount of bills and accounts receivable arising from contracts with customers amounted to approximately RMB14,108,139,000 (2020: RMB7,792,533,000).

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

The following is an aged analysis of bills and accounts receivables, net of allowance for impairment, presented based on the invoice dates, which approximates the respective revenue recognition dates, at the end of the reporting period:

	At 31 December 2021 RMB'000	2020 RMB'000
0 – 90 days	**9,051,257**	4,016,269
91 – 180 days	**2,253,293**	1,499,849
181 – 365 days	**1,681,701**	1,260,276
Over 1 year	**615,856**	515,061
	13,602,107	7,291,455

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

The Group measures the loss allowance for bills and accounts receivables at an amount equal to lifetime ECL. As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment on a collective basis for part of its customers which consist of large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

For accounts receivables of approximately RMB950,356,000 (2020: RMB841,712,000) that are due from large and state-owned enterprises which have good credit rating and very rare past default payment history, the directors of the Company considered that there is no expected credit loss on these receivables as at 31 December 2021.

18. BILLS AND ACCOUNTS RECEIVABLES (Continued)

The following table provides information about the exposure to credit risk and ECL for bills and accounts receivables from customers, other than those large and state-owned enterprises, which are assessed individually or collectively based on provision matrix as at 31 December 2021 and 2020.

As at 31 December 2021	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Accounts receivables – collective assessment			
– Within 1 year	**0.10**	**4,855,350**	**4,829**
– 1 – 2 years	**2.90**	**204,480**	**5,938**
– 2 – 3 years	**5.85**	**97,001**	**5,677**
– Over 3 years	**100**	**44,422**	**44,422**
		5,201,253	**60,866**
Accounts receivables – individual assessment	**83.37**	**532,724**	**444,139**
		5,733,977	**505,005**
Bills receivables	**0.01**	**7,423,806**	**1,027**
		13,157,783	**506,032**

As at 31 December 2020	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Accounts receivables – collective assessment			
– Within 1 year	0.12	2,735,982	3,196
– 1 – 2 years	5.36	197,509	10,594
– 2 – 3 years	12.33	91,337	11,264
– Over 3 years	68.34	120,750	82,515
		3,145,578	107,569
Accounts receivables – individual assessment	79.80	492,634	393,135
		3,638,212	500,704
Bills receivables	0.01	3,312,609	374
		6,950,821	501,078

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about specific debtor is updated.

Receivable are written off if past due for more than 4 years and are not subject to enforcement activity. The Group does not hold collateral as security. During the year ended 31 December 2021, accounts receivables of approximately RMB8,550,000 (2020: RMB36,601,000) were written-off.

18. BILLS AND ACCOUNTS RECEIVABLES (Continued)

An analysis of the impairment loss on bills and accounts receivables for 2021 and 2020 are as follows:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Balance at 1 January	**501,078**	482,331
Amounts written off as uncollectible	**(8,550)**	(36,601)
Provided for the year	**17,620**	201,740
Impairment loss reversed	**(4,116)**	(146,392)
Balance at 31 December	**506,032**	501,078

Included in bills and accounts receivables as at 31 December 2021 are balances of approximately RMB1,623,629,000 (2020: RMB1,333,173,000) that have been pledged to secure borrowings and banking facilities granted to the Group.

19. ROYALTY RECEIVABLE

	At 31 December	
	2021	2020
	RMB'000	RMB'000
As at 1 January	**1,107,497**	1,143,090
Cash received	**(17,346)**	(72,890)
Exchange re-alignment	**(87,029)**	83,235
Change in fair value	**16,762**	(45,938)
As at 31 December	**1,019,884**	1,107,497
Presented as:		
Current portion	**105,829**	97,935
Non-current portion	**914,055**	1,009,562
	1,019,884	1,107,497

A right to receive a royalty of 4% of Free on Board trimmed sales from Middlemount Coal Pty Ltd ("Middlemount") mine operated by Middlemount Joint Venture was acquired as part of the acquisition of Gloucester Coal Limited ("Gloucester"). This financial asset has been determined to have a finite life being the life of the Middlemount mine and is measured at fair value basis.

The royalty receivable is measured based on management expectations of the future cash flows at each reporting date with the re-measurement recorded in profit or loss. The amount expected to be received in the next 12 month is disclosed as current receivable and the expected future cash flow beyond 12 months is disclosed as a non-current receivable. Change in fair value is included in other income and gains (2020: Selling, general and administrative expenses).

20. INVENTORIES

	At 31 December 2021 RMB'000	2020 RMB'000
Work in progress	**657,250**	1,183,686
Finished goods	**2,980,568**	1,422,740
	3,637,818	2,606,426
Methanol	**267,362**	271,890
Auxiliary material, spare parts and small tools	**1,908,706**	2,123,520
Coal products	**1,919,885**	1,262,798
Iron ore	**72,944**	845,384
Others	**–**	3,615
	7,806,715	7,113,633

During the year provision for inventories of RMB37,649,000 (2020: RMB47,300,000) had been made while provision of RMB78,092,000 (2020: nil) had been reversed.

21. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December 2021 RMB'000	2020 RMB'000
Advance to suppliers	**4,920,798**	3,395,275
Less: Impairment loss on advance to suppliers (note (i))	**(30,397)**	–
	4,890,401	3,395,275
Prepaid relocation costs of inhabitants	**3,499,399**	3,194,472
Other taxes	**1,130,985**	1,548,713
Loan receivables (note (ii))	**7,788,118**	4,392,950
Interest receivable	**43,265**	123,615
Others	**5,735,645**	6,366,707
Less: Impairment loss on other receivables	**(2,826,470)**	(2,336,746)
	20,261,343	16,684,986

(i) An analysis of the impairment loss on advance to suppliers for 2021 and 2020 are as follows:

	2021 RMB'000	2020 RMB'000
Balance at 1 January	**–**	–
Provide for the year	**30,397**	–
Balance at 31 December	**30,397**	–

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

21. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

(ii) The loans receivables carried interest ranging from 3.5% to 4.05% (2020: 3.48% to 4.35%) per annum and are repayable within 12 months from the end of the reporting period.

The Group recognised lifetime ECL and 12-month ECL for other receivables based on the credit risk grading framework as follows:

As at 31 December 2021	**Average expected loss rate %**	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Other receivables – Performing	**8.58**	**11,748,551**	**1,007,993**
Other receivables – Default	**100.00**	**1,818,477**	**1,818,477**
		13,567,028	**2,826,470**

As at 31 December 2020	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Other receivables – Performing	6.76	9,166,442	619,916
Other receivables – Default	100.00	1,716,830	1,716,830
		10,883,272	2,336,746

Movement in the impairment losses on other receivables is as follows:

	Lifetime ECL – non credit impaired RMB'000	**Lifetime ECL – credit impaired** RMB'000	**Total** RMB'000
At 1 January 2020	200,543	1,226,575	1,427,118
Provided for the year	419,373	490,255	909,628
At 31 December 2020 and 1 January 2021	619,916	1,716,830	2,336,746
Provided for the year	388,077	166,943	555,020
Impairment loss reserved	–	(51,688)	(51,688)
Impairment written off as uncollectible	–	(13,608)	(13,608)
At 31 December 2021	1,007,993	1,818,477	2,826,470

22. INTANGIBLE ASSETS

	Mining reserves RMB'000	Mining resources (exploration and evaluation assets) RMB'000	Potash mineral exploration permit RMB'000	Technology RMB'000	Water licenses RMB'000	Others RMB'000	Total RMB'000
COST							
At 1 January 2020	56,206,336	4,201,947	1,323,628	245,364	305,083	1,759,880	64,042,238
Exchange re-alignment	780,861	73,494	684	3,300	4,246	3,963	866,548
Additions	21,046	–	–	–	–	26,862	47,908
Acquisition of subsidiaries	21,492,469	–	–	455,182	453,017	10,759	22,411,427
Disposal	–	–	–	(744)	–	–	(744)
At 31 December 2020 and 1 January 2021	**78,500,712**	**4,275,441**	**1,324,312**	**703,102**	**762,346**	**1,801,464**	**87,367,377**
Exchange re-alignment	**(2,630,657)**	**(219,562)**	**(2,017)**	**(9,858)**	**(19,507)**	**(13,927)**	**(2,895,528)**
Additions	**7,282,300**	**–**	**–**	**119,178**	**28,511**	**9,671**	**7,439,660**
Transfer from construction in progress	**810,916**	**–**	**–**	**146,237**	**86,000**	**–**	**1,043,153**
Disposals	**(1,296,710)**	**–**	**–**	**–**	**(41,886)**	**(948)**	**(1,339,544)**
At 31 December 2021	**82,666,561**	**4,055,879**	**1,322,295**	**958,659**	**815,464**	**1,796,260**	**91,615,118**
AMORTISATION AND IMPAIRMENT							
At 1 January 2020	11,783,533	129,182	–	31,920	17,129	121,905	12,083,669
Exchange re-alignment	213,114	–	–	–	–	3,356	216,470
Provided for the year	2,306,036	–	–	18,007	3,625	26,109	2,353,777
Disposal	–	–	–	(744)	–	–	(744)
At 31 December 2020 and 1 January 2021	**14,302,683**	**129,182**	**–**	**49,183**	**20,754**	**151,370**	**14,653,172**
Exchange re-alignment	**(741,836)**	**–**	**–**	**(4,930)**	**–**	**(11,263)**	**(758,029)**
Provided for the year	**2,793,383**	**–**	**–**	**101,112**	**8,757**	**27,148**	**2,930,400**
Impairment loss recognized in profit or loss	**307,898**	**–**	**–**	**120,480**	**–**	**–**	**428,378**
Disposals	**(1,162,488)**	**–**	**–**	**–**	**(4,265)**	**(849)**	**(1,167,602)**
At 31 December 2021	**15,499,640**	**129,182**	**–**	**265,845**	**25,246**	**166,406**	**16,086,319**
CARRYING VALUES							
At 31 December 2021	**67,166,921**	**3,926,697**	**1,322,295**	**692,814**	**790,218**	**1,629,854**	**75,528,799**
At 31 December 2020	64,198,029	4,146,259	1,324,312	653,919	741,592	1,650,094	72,714,205

The mining rights (mining reserves) are amortised based on unit of production method.

The mining resources is reclassified to mining reserves when the reserves are reasonably proved to be commercial available. It is stated at cost less impairment.

The potash mineral exploration permit is reclassified to mining resources or mining reserves according to its progress of exploration. Technology has not yet reached the stage of commercial application and therefore is not amortised. Patent is also included in technology and it is amortised on a straight line basis of 10 years over the useful life.

22. INTANGIBLE ASSETS (Continued)

Water licenses are amortised over the life of mine. If the mining activities of the relevant locations have not yet been started and the connections to water sources have not been completed, no amortisation will be provided.

Other intangible assets mainly represented capacity replacement right which is amortised on a straight line basis over the contractual term.

Amortisation expense of the mining rights for the year of RMB2,793,383,000 (2020: RMB2,306,036,000) has been included in cost of sales and services provided. Amortisation expense of other intangible assets for the year of RMB137,017,000 (2020: RMB47,741,000) has been included in selling, general and administrative expenses.

During the years ended 31 December 2021 and 2020, for cash generating unit with impairment indicator, the recoverable amount has been determined using the value-in-use method.

Value-in-use has been determined using a discounted cash flow model. The key assumptions to which the model is most sensitive include:

- Coal prices
- Foreign exchange rates, if applicable
- Production and capital costs
- Discount rate
- Coal reserves and resources

In determining the value assigned to each key assumption, management has used external sources of information and utilised the expertise of external consultants and/or experts within the Group to validate entity specific assumptions such as coal reserves and resources.

Production and capital costs are based on the Group's estimate of forecasted geological conditions, stage of existing plant and equipment and future production levels. The information is obtained from internally maintained budgets, the five year business plan, life of mine models, life of mine plans and project evaluations performed by the Group in its ordinary course of business.

The Group has applied a pre-tax discount rate ranged from 8%-12% (2020: 8%-12%) to discount the forecast cash flows. The pre-tax discount rate applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. This rate is also consistent with the Group's five year business plan, life of mine models and project evaluations performed in ordinary course of business.

During the year ended 31 December 2021, impairment loss of RMB428,378,000 was recognised (2020: nil).

23. PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Australia RMB'000	Buildings RMB'000	Railway structures RMB'000	Mining structures RMB'000	Plant, machinery and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
COST							
At 1 January 2020	1,119,108	7,220,926	5,608,189	20,586,876	40,141,329	2,696,758	77,373,186
Exchange re-alignment	35,796	54,289	–	271,085	471,652	(9)	832,813
Additions	–	499,881	350,349	373,535	1,881,549	132,267	3,237,581
Acquisition of subsidiaries	374,244	4,800,155	5,495,069	1,919,396	8,539,630	247,782	21,376,276
Transfers from construction in progress	39,637	349,855	90,379	553,232	1,245,944	16,248	2,295,295
Transfers to investment properties	–	(520,852)	–	–	–	–	(520,852)
Disposals	–	(161,617)	(23,873)	(72,913)	(1,255,516)	(99,480)	(1,613,399)
At 31 December 2020 and 1 January 2021	1,568,785	12,242,637	11,520,113	23,631,211	51,024,588	2,993,566	102,980,900
Exchange re-alignment	**(123,500)**	**(91,374)**	**–**	**(903,268)**	**(1,465,392)**	**(5)**	**(2,583,539)**
Additions	**–**	**57,964**	**1,145,312**	**648,489**	**2,380,969**	**261,643**	**4,494,377**
Transfers from construction in progress	**–**	**1,471,325**	**2,086,418**	**453,862**	**7,775,913**	**2,626,709**	**14,414,227**
Transfer from right-of-use assets	**–**	**–**	**–**	**–**	**1,129,357**	**–**	**1,129,357**
Disposals	**–**	**(474,234)**	**(277,702)**	**(335,411)**	**(1,262,072)**	**(1,836,936)**	**(4,186,355)**
At 31 December 2021	**1,445,285**	**13,206,318**	**14,474,141**	**23,494,883**	**59,583,363**	**4,044,977**	**116,248,967**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2020	–	2,382,502	3,136,000	6,864,977	17,982,384	2,011,873	32,377,736
Exchange re-alignment		13,429	–	84,618	295,144	63	393,254
Provided for the year	–	281,435	308,378	249,950	4,938,085	162,864	5,940,712
Eliminated on disposals	–	(93,746)	(1,665)	(68,455)	(1,005,894)	(77,263)	(1,247,023)
At 31 December 2020 and 1 January 2021	–	2,583,620	3,442,713	7,131,090	22,209,719	2,097,537	37,464,679
Exchange re-alignment	**–**	**(46,455)**	**–**	**(319,441)**	**(953,534)**	**(4)**	**(1,319,434)**
Provided for the year	**–**	**378,425**	**621,414**	**1,300,611**	**4,511,604**	**1,046,010**	**7,858,064**
Transfer from right-of-use assets	**–**	**–**	**–**	**–**	**227,371**	**–**	**227,371**
Impairment loss recognised in profit or loss	**–**	**–**	**–**	**–**	**44,758**	**4,900**	**49,658**
Eliminated on disposals	**–**	**(370,130)**	**(117,592)**	**(114,727)**	**(1,161,903)**	**(1,537,608)**	**(3,301,960)**
At 31 December 2021	**–**	**2,545,460**	**3,946,535**	**7,997,533**	**24,878,015**	**1,610,835**	**40,978,378**
CARRYING VALUE							
At 31 December 2021	**1,445,285**	**10,660,858**	**10,527,606**	**15,497,350**	**34,705,348**	**2,434,142**	**75,270,589**
At 31 December 2020	1,568,785	9,659,017	8,077,400	16,500,121	28,814,869	896,029	65,516,221

23. PROPERTY, PLANT AND EQUIPMENT (Continued)

The following estimated useful lives are used for the depreciation of property, plant and equipment, other than freehold land:

Buildings	10 to 30 years
Railway structures	10 to 25 years
Plant, machinery and equipment	2.5 to 25 years
Transportation equipment	6 to 40 years

Transportation equipment includes vessels, harbor works and crafts which are depreciated over the estimated useful lives of 6 and 40 years respectively.

The mining structures include the main and auxiliary mine shafts and underground tunnels. Depreciation is provided to write off the cost of the mining structures using the units of production method based on the estimated production volume for which the structure was designed and the contractual period of the relevant mining rights.

At 31 December 2021, property, plant and equipment with carrying amount of approximately RMB2,596,741,000 (2020: RMB2,623,374,000) have been pledged to secure bank borrowings of the Group.

During the year ended 31 December 2021, impairment loss of RMB49,658,000 was recognised (2020: nil).

24. LEASES

(i) Right-of-use assets

	2021 **RMB'000**	2020 RMB'000
Buildings	**3,932**	5,113
Land use right	**3,686,271**	3,621,137
Plant, machinery and equipment	**243,613**	1,739,249
At 31 December	**3,933,816**	5,365,499

As at 31 December 2021, right-of-use assets of approximately RMB3,686,271,000 represents land use rights located in the PRC (2020: RMB3,621,157,000).

In addition, the Group has lease arrangements for buildings and plant, machinery and equipment. The lease terms are generally ranged from two to five years.

In respect of lease arrangement for renting certain production equipments, the Group has options to purchase the production equipments at a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Additions to the right-of-use assets for the year ended 31 December 2021 amounted to RMB478,422,000, due to new lease arrangements of land use right and, plant, machinery and equipment (2020: RMB1,575,553,000).

During the year ended 31 December 2021, right-of-use assets amounted to RMB901,986,000 (net of accumulated depreciation of RMB227,371,000) was transferred to property, plant and equipment.

During the year ended 31 December 2021, the Group early terminated certain leases and derecognised right-of-use assets amounted to RMB616,616,000 (2020: RMB15,767,000).

24. LEASES (Continued)

(ii) Lease liabilities

	2021 RMB'000	2020 RMB'000
Non-current	**915,911**	1,634,000
Current	**184,117**	955,963
	1,100,028	2,589,963

Amounts payable under lease liabilities	2021 RMB'000	2020 RMB'000
Within one year	**184,117**	955,963
After one year but within two years	**404,095**	500,000
After two years but within five years	**511,816**	1,134,000
	1,100,028	2,589,963
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(184,117)**	(955,963)
Amount due for settlement after 12 months	**915,911**	1,634,000

During the year ended 31 December 2021, the Group entered into a number of new leases agreements in respect of renting plant, machinery and equipment and recognised lease liability of RMB478,422,000 (2020: RMB1,575,553,000).

During the year ended 31 December 2021, the Group early terminated certain leases and derecognised lease liabilities amounted to RMB616,616,000 (2020: RMB15,767,000).

(iii) Amounts recognised in profit or loss

	Year ended 31 December 2021 RMB'000	 2020 RMB'000
Depreciation expense on right-of-use assets	**339,275**	240,434
Interest expense on lease liabilities	**57,841**	74,084
Expense relating to short-term leases	**219,616**	205,436

(iv) Other

During the year ended 31 December 2021, the total cash outflow for leases amounted to RMB1,643,505,000 (2020: RMB718,695,000).

25. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2020	–
Transfer from property, plant and equipment	520,852
Acquisition of subsidiaries	740,043
Increase in fair value recognised in profit or loss	128,268
At 31 December 2020 and 1 January 2021	1,389,163
Increase in fair value recognised in profit or loss	24,963
At 31 December 2021	1,414,126

All of the Group's investment properties are situated in Mainland China.

The fair value of the Group's investment properties at 31 December 2021 have been arrived at on the basis of a valuation carried out on that date by 山東中新資產評估有限公司 (Shangdong Zhongxin Assets Appraisal Company Limited*), independent qualified professional valuers not connected with the Group.

* For identification only

The valuation was arrived at by reference to market evidence of transaction prices and rentals for similar properties in the similar locations and conditions. Details of valuation techniques and assumptions are discussed below. In estimating the fair value of the property, the highest and best use of the property is its current use.

An analysis of the Group's investment properties that are measured subsequent to initial recognition at fair value grouped into fair value hierarchy level 3 based on the degree to which the inputs to fair value measurement is observable and the information about how the valuation has reached and the use of significant unobservable inputs are as follows:

	Fair value hierarchy	Fair value as at 31 December 2021	Valuation technique and key inputs	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Commercial investment properties	Level 3	RMB1,414,126,000 (2020: RMB1,389,163,000)	Market Comparison Approach – By reference to recent selling price of comparable properties and adjusted to reflect the time, size and location	Adjusted market price	RMB13,000 to RMB54,000 (2020: RMB11,000 to RMB52,000) per square metre	The higher the adjusted market price, the higher the fair value

26. CONSTRUCTION IN PROGRESS

	RMB'000
COST	
At 1 January 2020	16,288,401
Exchange re-alignment	20,818
Additions	2,462,361
Acquisition of subsidiaries	4,159,674
Transfer to property, plant and equipment	(2,295,295)
At 31 December 2020 and 1 January 2021	20,635,959
Exchange re-alignment	(61,987)
Additions	7,427,668
Transfer to property, plant and equipment	(14,414,227)
Transfer to intangible assets	(1,043,153)
Loss on written off	(633,626)
At 31 December 2021	11,910,634

For the year ended 31 December 2021, the capitalised interest expense amounted to RMB391,222,000 (2020: RMB425,679,000). The annual interest rates used to determine the capitalised amount in 2021 are 4.11% to 6% (2020: 4.35% to 6%).

27. GOODWILL

	2021 **RMB'000**	2020 RMB'000
NET CARRYING VALUE		
At 1 January	**1,754,149**	1,655,090
Addition	**–**	90,426
Impairment during the year	**(8,197)**	–
Exchange re-alignment	**(25,454)**	8,633
At 31 December	**1,720,498**	1,754,149

27. GOODWILL (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Mining		
– Jining II	**10,106**	10,106
– Shandong Yanmei Shipping Co., Ltd	**10,046**	10,046
– Heze	**35,645**	35,645
– Shanxi Group	**145,613**	145,613
– Yancoal Resources	**275,830**	307,756
– Syntech	**18,619**	20,344
– Premier Coal and Wesfarmers Char	**11,579**	12,652
– Xintai	**653,837**	653,837
– Beisu and Yangcun	**712,214**	712,214
Coal Railway Transportation		
– Railway Assets	**97,240**	97,240
Electricity and heat supply		
– Hua Ju Energy	**239,879**	239,879
Machinery manufacturing		
– Donghua	**409,204**	409,204
Others		
– Yankuang Finance	**16,966**	16,966
– 東方盛隆	**14,859**	14,859
– 上海東江	**75,567**	75,567
Impairment loss	**(1,006,706)**	(1,007,779)
	1,720,498	1,754,149

27. GOODWILL (Continued)

Business performance is reviewed by management on an individual business unit basis. In particular, each mine is considered to be a separate cash generating unit.

For the impairment testing of goodwill, the recoverable amounts of the cash generating units have been determined on the basis of value-in-use calculations. Value-in-use has been determined using a discounted cash flows model. Cash flow projections during the budget period are based on the budgeted revenue and expected gross margins during the budget period and the raw materials price inflation during the budget period. Expected cash inflows/outflows have been determined based on past performance and management's expectations for the market development. The future cash flows are highly dependent on the following unobservable inputs: forecast sales volumes and forecasted selling prices.

In determining each of the key inputs, management has used external sources of information and utilised the expertise of external consultants and experts within the Group to validate entity specific assumptions such as mining reserves and mining resources. Furthermore, in estimating future coal prices, the Group receives long term forecast coal price data from multiple externally verifiable sources when determining its coal price forecasts, making adjustments for specific coal quality factors. The long term forecast exchange rate is based on externally verifiable sources. Production and capital costs are based on the Group's estimate of forecasted geological conditions, stage of existing plant and equipment and future production levels. This information is obtained from internally maintained budgets, the five year business plan, life of mine models and project evaluations performed by the Group in its ordinary course of business.

The cash flow model was based on financial budgets approved by management covering a 5-year period with an assumption of pre-tax discount rate of ranged from 8% to 12% (2020: 8% to 12%). It represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset. Externally verifiable data received by the Group validates this assumption. For mining business units, the recoverable amount is also dependent on the estimated lives of mines ranged from 4 to 40 years (2020: 4 to 40 years). Which is calculated based on the Group's annual coal production forecast for each mine and mining reserves and mining resources. For non-coal business, the growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The management determined the gross margin ratio mainly based on past performance of the CGU and the management's expectations for the market development.

The cash flows beyond the 5-year period are extrapolated using a zero percent growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of the above units to exceed the recoverable amount of each of the above units.

Impairment loss on goodwill amounted approximately RMB8,197,000 (2020: nil) was recognised for the year ended 31 December 2021.

28. INTERESTS IN ASSOCIATES

	At 31 December 2021 RMB'000	2020 RMB'000
Cost of investments in associates	**13,420,755**	13,488,495
Share of post-acquisition profit and other comprehensive income, net of dividends	**6,073,473**	5,097,819
	19,494,228	18,586,314
Less: impairment	**(6,158)**	(6,158)
Carrying amount	**19,488,070**	18,580,156

Information of major associates is as follows:

Name of associate	Place of establishment and operation	Class of shares held	Principal activity	Interest held at 31 December 2021	2020
Huadian Zouxian Power Generation Company Limited ("Huandian Zouxian") (note (i))	PRC	Registered capital	Electricity generation business	**30%**	30%
Shandong Shengyang Wood Co., Ltd	PRC	Registered capital	Artificial board, CCF processing	**39.77%**	39.77%
Jiemei Wall Materials Co., Limited	PRC	Registered capital	Coal refuse baked brick	**20%**	20%
Shanghai CIFCO Futures Co., Limited	PRC	Registered capital	Trading and consultation futures	**33%**	33%
Qilu Bank Co., Ltd. ("Qilu Bank")	PRC	Registered capital	Financial services	**7.80%**	8.67%
內蒙古伊泰呼准鐵路有限公司 ("伊泰")	PRC	Registered capital	Railway construction and transportation	**18.94%**	18.94%
兗礦售電有限公司	PRC	Registered capital	Sales of electricity	**25%**	25%
Port Waratah Coal Services Ltd ("PWCS")	Australia	Ordinary shares	Provision of coal receivable, blending, stockpiling and ship loading service	**30%**	30%
Zheshang Bank (note (ii))	PRC	Registered capital	Financial services	**4.39%**	4.39%
Linshang Bank (note (ii))	PRC	Registered capital	Financial services	**18.33%**	19.75%
Shandong Yancoal Property Service Company Limited ("Yancoal Property Service")	PRC	Registered capital	Property management, garden greening engineering, sewage treatment and rental housing agency service	**35%**	35%

All of the above associates have been accounted for using equity method in the consolidated financial statements. Except for 伊泰, 兗礦售電有限公司, PWCS, Yancoal Property Service and Linshang Bank which are indirectly held by the Company, all associates are held by the Company directly. The interests held disclosed above for PWCS represented the equity interests held by Yancoal Australia.

(i) Huadian Zouxian is a strategic partner of the Group.

(ii) The Group considered that it has the practical ability to exercise significant influence on the associates even though it owns less than 20% of the ownership interest and voting right and take into account 1) the Group's ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; 2) the representation or right to appoint/nominate directors on the board of directors of the associates; and 3) the rights to participate in the policy-making process, including dividends and other distribution.

28. INTERESTS IN ASSOCIATES (Continued)

Except for Qilu Bank and Zheshang Bank, all of the associates are private companies whose quoted market price is not available. As at 31 December 2021, the fair value of the shares of Qilu Bank and Zheshang Bank held by the Group at 31 December 2021 were approximately RMB1,993,846,000 (2020: RMB1,125,558,000) and RMB2,517,109,000 (2020: RMB2,969,930,000) respectively.

Summarised financial information in respect of the Group's material associates is set out below:

	Huadian Zouxian		**伊泰**	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Current assets	**639,987**	197,241	**366,450**	259,714
Non-current assets	**4,255,667**	4,136,538	**11,430,673**	11,860,438
Current liabilities	**(1,705,899)**	(696,226)	**(834,980)**	(636,532)
Non-current liabilities	**(100,000)**	(100,000)	**(2,145,521)**	(2,947,669)
Revenue	**3,851,174**	3,277,387	**1,756,821**	1,552,250
Profit for the year	**(308,971)**	154,252	**267,547**	199,592
Other comprehensive (expense) income for the year	**–**	–	**(13,915)**	(3,775)
Total comprehensive (expense) income for the year	**(308,971)**	154,252	**267,547**	195,817
Dividend shared by the Group and received from the associate during the year	**41,648**	14,782	**–**	–

	Shaanxi Future Energy	**Linshang Bank**	
	2020* RMB'000	**2021 RMB'000**	2020 RMB'000
Current assets	N/A	**122,472,285**	100,630,247
Non-current assets	N/A	**6,976,171**	7,314,639
Current liabilities	N/A	**(115,683,464)**	(96,109,135)
Non-current liabilities	N/A	**(3,636,690)**	(3,258,793)
Revenue	9,334,720	**3,431,663**	2,862,288
Profit for the year	2,020,361	**430,308**	456,117
Other comprehensive (expense) income for the year	(3,896)	**16,893**	–
Total comprehensive (expense) income for the year	2,016,465	**447,201**	456,117
Dividend shared by the Group and received from the associate during the year	–	**–**	–

* The amounts presented were amounts from 1 January 2020 to the date Shaanxi Future Energy become a subsidiary of the Group.

28. INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates in respect of material associates recognised in the consolidated financial statements:

	Huadian Zouxian		伊泰	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Carrying amount of the Group's interest in the associate	**926,926**	1,056,529	**2,166,466**	2,115,793

	Shaanxi Future Energy	Linshang Bank	
	2020	**2021**	2020
	RMB'000	**RMB'000**	RMB'000
Carrying amount of the Group's interest in the associate	N/A	**2,144,613**	2,337,259

Note: Qilu Bank and Zheshang Bank are public companies traded on the National SME Equity Transfer System and Hong Kong Stock Exchange respectively. They are the material associates of the Group. Since the audited results of Qilu Bank for the year ended 31 December 2021 were not yet publicly available when these consolidated financial statements were approved, the relevant financial information of Qilu Bank were not presented. Furthermore, the financial information of Zheshang Bank were not disclosed as in the opinion of the directors of the Company, the disclosure of financial information of Zheshang Bank will provide an approximate range of the financial information of Qilu Bank prior to them become publicly available.

Aggregate information of Qilu Bank, Zheshang Bank and other associates that are not individually material:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
The Group's share of profit and total comprehensive income*	**1,570,510**	606,163
Aggregate carrying amount of the Group's interests in these associates*	**14,250,065**	13,070,575

* Included those of Qilu Bank and Zheshang Bank.

29. INTERESTS IN JOINT VENTURES

	At 31 December 2021 RMB'000	2020 RMB'000
Share of net assets	**661,077**	445,411

Name of joint venture	Place of establishment and operation	Class of shares held	Principal activity	At 31 December 2021 Voting power	2021 Interest held	2020 Voting power	2020 Interest Held
Australian Coal Processing Holdings Pty Ltd (i)	Australia	Ordinary shares	Investment Holding	50%	90%	50%	90%
Middlemount Joint Venture (i)	Australia	Ordinary shares	Coal mining and sales	50%	50%	50%	50%
Sheng Di Finlay Coal Processing Technology (Tianjin) Co., Ltd	PRC	Registered capital	Consultancy services for deep preprocess technology	50%	50%	50%	50%

The joint ventures are accounted for using equity method in the consolidated financial statements. All of the joint ventures are private companies and are not individually material to the Group.

Note (i): The interests held disclosed above represented the interests held by the Group through Yancoal Australia.

30. INTERESTS IN JOINT OPERATIONS

Information on major joint operations is as follows:

Name of joint operation	Place of establishment and operation	Principal activity	At 31 December 2021 Interest held	2020 Interest held
Boonal joint operation	Australia	Provision of a coal haul road and train load out facilities	**50%**	50%
Moolarben joint operation	Australia	Development and operation of open-cut and underground coal mines	**95%**	95%
Hunter Valley Australia Operation	Australia	Underground coal mines	**51%**	51%
Warkworth Coal Sales Pty Ltd	Australia	Development and operation of open-cut mines	**84.5%**	84.5%
Mount Thorley Joint Venture	Australia	Development and operation of open-cut mines	**80%**	80%

The above joint operations are established and operated as unincorporated businesses and are held indirectly by the Company. The interest held disclosed above represented the interest held by Yancoal Australia.

31. LONG-TERM RECEIVABLES

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets		
– Loan receivables (i)	**1,472,349**	1,838,191
– Less: impairment loss recognised	**(26,997)**	(74,668)
	1,445,352	1,763,523
Non-current assets		
– Loan to a joint venture (ii)	**688,253**	676,085
– Loan receivables (i)	**4,494,533**	2,548,321
– Others (iii)	**1,479,160**	1,758,013
– Less: impairment loss recognised (iii)	**(318,854)**	(262,089)
	6,343,092	4,720,330
	7,788,444	6,483,853

(i) The loan receivables carry interest at 3.5% to 6.7% (2020: 5.22% to 7.5%) per annum and are secured by the machinery of the borrowers.

(ii) Loan to a joint venture represented an unsecured interest-free loan to Middlemount Joint Venture of AUD148,908,000 (equivalent to approximately RMB688,253,000) (2020: AUD134,778,000 (equivalent to approximately RMB676,085,000)) that are not repayable within 12 months from the end of the reporting period.

During the year ended 31 December 2021 and 2020, in determining the ECL for these assets, the directors of the Company have taken into account the historical default experience, the financial position of the counterparties as well as the future prospects of the industries in which the debtors operate obtained from available market data considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these receivables.

31. LONG-TERM RECEIVABLES (Continued)

An analysis of the gross amount of long-term receivables is as follows:

	12-month ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
Gross amount as at 31 December 2021				
– Performing	**5,938,131**	**–**	**–**	**5,938,131**
– Doubtful	**–**	**2,096,949**	**–**	**2,096,949**
– Default	**–**	**–**	**99,215**	**99,215**
	5,938,131	**2,096,949**	**99,215**	**8,134,295**

	12-month ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
Gross amount as at 31 December 2020				
– Performing	4,193,113	–	–	4,193,113
– Doubtful	–	2,546,889	–	2,546,889
– Default	–	–	80,607	80,607
	4,193,113	2,546,889	80,607	6,820,609

The movements in the impairment allowance for the long-term receivables during the year are as follows:

	12-month ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
At 1 January 2020	132,540	92,591	83,891	309,022
Provided for the year	20,354	35,841	131,754	187,949
Impairment loss reversed	(22,871)	(89,087)	(48,256)	(160,214)
At 31 December 2020 and 1 January 2021	130,023	39,345	167,389	336,757
Provided for the year	2,709	85,977	26,600	115,286
Impairment loss reversed	(27,840)	(15,868)	(55,663)	(99,371)
Exchange realignment	–	–	(6,821)	(6,821)
At 31 December 2021	104,892	109,454	131,505	345,851

32. INVESTMENTS IN SECURITIES

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Financial assets at FVTPL		
Unlisted equity securities, at fair value (i)	**494,188**	429,587
Financial assets at FVTOCI		
Equity securities listed on the SSE, at fair value (ii)	**349**	386
Unlisted equity securities, at fair value (i)	**99,646**	14,640
	99,995	15,026
	594,183	444,613

(i) These unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. Part of these investments in equity instruments, amounting to approximately RMB99,646,000 (2020: RMB14,640,000), are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The remaining investments of approximately RMB494,188,000 (2020: RMB429,587,000) are classified and measured as at FVTPL.

(ii) As at 31 December 2021 and 2020, the investments in equity securities listed on the Shanghai Stock Exchange (the "SSE") are carried at fair value which are determined based on the quoted market prices in active market.

33. ASSETS CLASSIFIED AS HELD FOR SALE

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Land held for sale	**7,904**	8,578

The balance at 31 December 2021 and 2020 represented parcels of freehold non-mining land that is held for future sale in Australia.

34. BILLS AND ACCOUNTS PAYABLES

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Accounts payable	**12,305,428**	11,930,944
Bills payable	**10,690,495**	9,881,190
	22,995,923	21,812,134

34. BILLS AND ACCOUNTS PAYABLES (Continued)

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

	At 31 December 2021 RMB'000	2020 RMB'000
0 – 90 days	**13,690,406**	16,753,871
91 – 180 days	**3,174,587**	1,593,665
181 – 365 days	**2,976,175**	1,494,061
Over 1 year	**3,154,755**	1,970,537
	22,995,923	21,812,134

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

35. OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES

Other payables and accrued expenses

	At 31 December 2021 RMB'000	2020 RMB'000
Accrued staff costs	**2,192,628**	1,751,767
Other taxes payable	**2,283,635**	728,787
Payables in respect of purchases of property, plant and equipment and construction materials	**42,443**	48,429
Security deposits received	**581,020**	558,707
Deposits received from customers in relation to financing business	**24,890,403**	18,699,588
Interest payable	**883,232**	1,625,981
Dividends payable	**13,940**	15,422
Payables for acquisition of subsidiaries/associates	**493,741**	11,590,710
Others	**5,266,247**	6,780,934
	36,647,289	41,800,325

	2021 RMB'000	2020 RMB'000
Contract liabilities	**4,982,639**	3,176,540

Contract liabilities include advances received to deliver goods and advances received to render transportation services. The increase in contract liabilities was in line with the increase in sales transactions and more deposits are received in 2021.

Revenue recognised during the year ended 31 December 2021 that was included in the contract liabilities as at 31 December 2020 in the current year is RMB3,058,759,000 (2020: RMB2,599,694,000). There was no revenue recognised that related to performance obligations that were satisfied in prior year.

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

	2021 RMB'000	2020 RMB'000
Balance at 1 January	**3,423,249**	2,042,722
Exchange re-alignment	**(271,506)**	72,231
Additional provision in the year	**1,647,343**	328,410
Acquisition of subsidiaries	**–**	1,063,914
Utilisation of provision	**(139,963)**	(84,028)
Balance at 31 December	**4,659,123**	3,423,249
Presented as:		
Current portion	**966,925**	13,129
Non-current portion	**3,692,198**	3,410,120
	4,659,123	3,423,249

Provision for land subsidence, restoration, rehabilitation and environmental costs has been determined by the management of the Group based on their best estimates. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the near term.

37. PROVISION

	At 31 December	
	2021 RMB'000	2020 RMB'000
Current provision		
– Take or pay provision (note (i))	**16,222**	39,353
– Onerous contract provision (note (ii))	**36,473**	21,761
	52,695	61,114
Non-current provision		
– Take or pay provision (note (i))	**46,505**	68,079
– Onerous contract provision (note (ii))	**162,044**	214,470
– Employee benefits (note (iii))	**501,671**	504,040
– Others	**405,619**	261,191
	1,115,839	1,047,780
	1,168,534	1,108,894

37. PROVISION (Continued)

Notes:

(i) Take or pay provision, which arose from business combination in prior years, is the assessment of forecast excess capacity for port and rail contracts. A provision was recognised for the discounted estimated excess capacity. The provision is released to profit or loss over the period in which excess capacity is realised.

(ii) The onerous contract provision, is the assessment of a coal supply and transportation agreement to supply coal at below market prices. A provision was recognised for the discounted estimated variance between contract and market prices. The provision has a finite life and will be released to profit or loss over the contract term.

(iii) The balance mainly included provision for long-term employee entitlements and other employee incentives.

38. BORROWINGS

	At 31 December	
	2021 RMB'000	2020 RMB'000
Current liabilities		
Bank borrowings		
– Unsecured borrowings (i)	**12,027,818**	12,456,628
– Secured borrowings (ii)	**5,520,592**	12,249,127
Guaranteed notes (iii)	**7,656,980**	6,676,371
	25,205,390	31,382,126
Non-current liabilities		
Bank borrowings		
– Unsecured borrowings (i)	**25,303,593**	17,677,720
– Secured borrowings (ii)	**22,712,798**	17,235,721
Guaranteed notes (iii)	**14,138,800**	16,011,427
Corporate bonds (iv)	**9,968,200**	9,955,950
Other unsecured borrowing (v)	**3,646,508**	–
Other secured borrowings (vi)	**2,424,808**	–
	78,194,707	60,880,818
Total borrowings	**103,400,097**	92,262,944

38. BORROWINGS

(i) Unsecured borrowings are repayable as follows:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Within one year	**12,027,818**	12,456,628
More than one year, but not exceeding two years	**6,188,377**	6,871,720
More than two years, but not exceeding five years	**17,415,216**	7,806,000
More than five years	**1,700,000**	3,000,000
	37,331,411	30,134,348

At 31 December 2021, included in unsecured borrowings are short-term borrowings amounting to approximately RMB12,027,818,000 (2020: RMB11,888,900,000) which carrying interest at 3.55% to 8% per annum (2020: 3.55% to 4.35% per annum). At 31 December 2020, included in short-term borrowings are foreign currency borrowings of approximately RMB562,728,000 (USD86,245,000) carrying interest at 4.00% to 5.00%.

Long-term borrowings of the Group amounting to approximately RMB25,303,593,000 (2020: RMB17,677,720,000) carrying interest at 3.7% to 5.9% per annum (2020: 3.7% to 5.9% per annum).

(ii) Secured borrowings are repayable as follows:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Within one year	**5,520,592**	12,249,127
More than one year, but not exceeding two years	**4,197,253**	3,357,546
More than two years, but not exceeding five years	**16,120,408**	11,875,108
More than five years	**2,395,137**	2,003,067
Total	**28,233,390**	29,484,848

38. BORROWINGS (Continued)

(ii) Secured borrowings are repayable as follows: (Continued)

At 31 December 2021, secured borrowings of Yancoal Australia were amounting to RMB7,543,696,000 (approximately USD1,183,195,000) (2020: RMB10,119,253,000 (approximately USD1,553,695,000)). Such borrowings carried interest at three-month London Interbank Offered Rate ("LIBOR") plus a margin of 2.8% or three-month LIBOR plus a margin of 3.25% (2020: three-month LIBOR plus a margin of 3.1% or six-month LIBOR plus a margin of 2.75%) per annum, approximately 3.05% to 3.5% (2020: 4.8%) per annum as at 31 December 2021.

As at 31 December 2021, the secured borrowings of Yancoal International were amounting to approximately RMB2,614,038,000 (approximately USD410,000,000) (2020: RMB3,523,446,000 (approximately USD540,000,000)) which carried interest at 2% to 2.05% (2020: 1.24% to 2.2%) per annum.

At 31 December 2021, secured borrowings of Premier Coal Limited and Premier Holdings Pty., Ltd., were amounted to RMB135,937,000 (AUD29,411,000) (2020: RMB134,267,000 (AUD26,766,000)) which carried interest at 8.7% (2020: 8.7%) per annum.

Other than the above, at 31 December 2021, secured borrowings of the Group amounting to RMB17,939,719,000 (2020: RMB15,707,882,000) of which RMB3,549,302,000 (approximately USD556,692,000) (2020: RMB4,301,459,000 (approximately USD659,237,000)) was denominated in foreign currency. Such borrowings carried interest at 0.66% to 8% (2020: 0.72% to 8%) per annum.

As at 31 December 2021 and 2020, certain of the borrowings of the Group were secured by the Group's interests in certain overseas subsidiaries and joint operations.

38. BORROWINGS (Continued)

(iii) Guaranteed notes are detailed as follows:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Guaranteed notes denominated in RMB repayable within one year	**6,994,200**	4,496,625
Guaranteed notes denominated in USD repayable within one year	**662,780**	2,179,746
Guaranteed notes denominated in RMB repayable within one to two years	**–**	3,994,000
Guaranteed notes denominated in USD repayable within one to two years	**3,174,896**	678,328
Guaranteed notes denominated in RMB repayable within two to five years	**9,064,031**	3,040,342
Guaranteed notes denominated in USD repayable within two to five years	**1,899,873**	8,298,757
	21,795,780	22,687,798

On 16 May 2012, USD guaranteed notes with par value of USD1,000,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2021, guaranteed notes with par value of USD103,954,000 (approximately RMB662,780,000) (2020: USD103,954,000 (approximately RMB678,328,000)) will mature in 2022 with interest rate of 5.730% per annum. The notes are unconditionally secured by the Company and the respective security is non-cancellable.

In 2012, with the approval from China Securities Regulatory Commission, the Company had issued RMB notes with aggregate par value of RMB5,000,000,000 to the public and institutional investors. An unconditional and irrecoverable corporate guarantee was provided by the Parent Company on the RMB notes. At 31 December 2021, RMB notes of RMB3,995,200,000 (2020: RMB3,994,000,000) will mature in 2022 with interest rate of 4.95% per annum.

In 2014, with the approval from China Securities Regulatory Commission, the Company was allowed to issue 10-year RMB notes at RMB3,050,000,000 with interest rate of 6.15% per annum. At 31 December 2021, 10-year notes amounted to RMB3,044,342,000 (2020: RMB3,040,342,000) respectively.

In 2018, the Company issued two tranches medium-term notes at par value of RMB4,500,000,000 which matured in 2021 at an average interest rate ranging from 4.39% to 4.89% per annum. As at 31 December 2020, the remaining amount of medium-term notes is RMB4,496,625,000. Such medium-term notes are fully repaid in current year.

In November 2018, USD guaranteed notes with par value of USD335,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2020, guaranteed notes with par value of USD335,000,000 (approximately RMB2,179,746,000) with interest rate of 6% per annum with matured in 2021. The notes are unconditionally guaranteed by the Company. Such notes were fully repaid during the current year.

38. BORROWINGS (Continued)

(iii) Guaranteed notes are detailed as follows: (Continued)

In 2020, the Company issued three tranches short-term notes at par value of RMB5,500,000,000 with 3 months to 9 months maturity at an average interest rate ranging from 1.80% to 2.85% per annum. In 2020, such short-terms notes with par value of RMB5,500,000,000 were fully redeemed by the Company.

In November 2020, USD guaranteed notes with par value of USD500,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2021, guaranteed notes with par value of USD500,000,000 (approximately RMB3,174,896,000) (2020: USD500,000,000 (approximately RMB3,241,960,000)) will mature in 2023 with interest rate of 3.5% per annum. The notes are unconditionally guaranteed by Yancoal Australia.

On 16 December 2020, USD guaranteed notes with par value of USD775,000,000 in aggregate which were issued on 31 March 2016 was consolidated upon reconsolidation of Watagan (note 47(B)). As at 31 December 2020, guaranteed notes with par value of USD775,000,000 (approximately RMB5,056,797,000) (2020: USD775,000,000 (approximately RMB5,056,797,000)) will mature in 2025 with interest rate 7.5% per annum. The notes are unconditionally guaranteed by the Yancoal Australia. In 2021, such guaranteed notes with par value of USD775,000,000 was fully redeemed by the Yancoal Australia.

In May 2021, RMB guaranteed notes with par value of RMB3,000,000,000 in aggregate were issued by the Company. As at 31 December 2021, guaranteed notes of RMB2,993,133,000 with interest rate of 3.74% per annum will mature in 2024. The notes are unconditionally guaranteed by the Company.

In May 2021, RMB guaranteed notes with par value of RMB1,000,000,000 in aggregate were issued by the Company. As at 31 December 2021, guaranteed notes of RMB997,700,000 with interest rate of 4.13% per annum will mature in 2026. The notes are unconditionally guaranteed by the Company.

In July 2021, RMB guaranteed notes with par value of RMB2,000,000,000 in aggregate were issued by the Company. As at 31 December 2021, guaranteed notes of RMB2,028,856,000 with interest rate of 3.80% per annum will mature in 2026. The notes are unconditionally guaranteed by the Company.

In August 2021, the Company issued three tranches short-term notes at par value of RMB3,000,000,000 with 9 months maturity at an interest rate 2.80% per annum. As at 31 December 2021, the remaining amount of medium-term notes is approximately RMB2,999,000,000.

In November 2021, USD guaranteed notes with par value of USD300,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2021, guaranteed notes with par value of USD300,000,000 (approximately RMB1,899,873,000) with interest rate of 2.90% per annum will mature in 2024. The notes are unconditionally guaranteed by the Company.

38. BORROWINGS (Continued)

(iv) Corporate bonds are detailed as follows:

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Bonds denominated in RMB repayable within two to five years	**2,993,600**	2,987,850
Bonds denominated in RMB repayable after five years	**6,974,600**	6,968,100
	9,968,200	9,955,950

In 2020, the Company issued bonds with a total principal amount of RMB10,000,000,000. The first phase of the bonds was issued in March 2020 with an aggregate principal amount of RMB5,000,000,000 in three series: (i) RMB300,000,000 with maturity period of 3 years and annual interest rate of 2.99%; (ii) RMB2,700,000,000 with maturity period of 5 years and annual interest rate of 3.43%; (iii) RMB2,000,000,000 with maturity period of 10 years and annual interest rate of 4.29%. The second phase of the bonds was issued in October 2020 with an aggregate principal amount of RMB5,000,000,000 in two series: (i) RMB3,500,000,000 with maturity period of 15 years and annual interest rate of 3.89%; (ii) RMB1,500,000,000 with maturity period of 10 years and annual interest rate of 4.27%. The bonds are unsecured. As at 31 December 2021, the aggregate outstanding principal amount of the bonds is RMB10,000,000,000 (2020: RMB10,000,000,000).

(v) Other unsecured borrowing is detailed as follows:

In March 2021, Yancoal Australia borrowed USD775,000,000 from the Parent Company. As at 31 December 2021, the unsecured borrowing of Yancoal Australia was amounting to RMB3,646,508,000 (approximately USD571,938,000) which carried interest at 4.65% per annum.

(vi) Other secured borrowings are detailed as follows:

As at 31 December 2021, the unsecured borrowings of the Group were amounting to RMB2,424,808,000 which carried interest at 4.65% per annum.

39. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current asset		
Unlisted debt investments	**150,481**	50,356
Current liability		
Derivatives not for hedge		
– Interest rate swaps	**59,132**	231,971

40. LONG-TERM PAYABLES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Intangible assets payable (i)	**3,551,724**	2,455,642
Non-contingent royalty payable	**27,601**	41,379
Others	**45,797**	424,348
	3,625,122	2,921,369
Analysed for financial reporting purpose:		
Current Portion	**1,518**	3,174
Non-current portion	**3,623,604**	2,918,195
Total	**3,625,122**	2,921,369

Note:

(i) Intangible assets payable represented the consideration for acquisition of mining rights. The amount is payable by the Group by installments from 2019 to 2049.

41. DEFERRED TAXATION

Deferred tax assets (liabilities) of the Group and the movements thereon for both reporting periods are:

	Financial assets at fair value RMB'000	Mining rights (mining reserves) RMB'000	Temporary differences RMB'000	Tax losses RMB'000	Cash flow hedge reserve RMB'000	Total RMB'000
As at 1 January 2020	109	(5,424,815)	670,449	2,529,077	431,574	(1,793,606)
Exchange re-alignment	–	(92,781)	23,728	59,387	58,817	49,151
Acquisition of subsidiaries	–	(5,326,410)	(85,893)	–	–	(5,412,303)
Credit (charge) to other comprehensive income	(3,069)	–	–	–	(382,248)	(385,317)
Credit (charge) to the consolidated statement of profit or loss	–	2,388,052	(1,472,653)	204,859	–	1,120,258
Balance at 31 December 2020 and 1 January 2021	**(2,960)**	**(8,455,954)**	**(864,369)**	**2,793,323**	**108,143**	**(6,421,817)**
Exchange re-alignment	**–**	**378,024**	**(130,477)**	**(119,000)**	**(11,567)**	**116,980**
Charged to equity	**–**	**–**	**(462,697)**	**–**	**–**	**(462,697)**
Credit to other comprehensive income	**229**	**–**	**–**	**–**	**18,411**	**18,640**
Credit (charge) to the consolidated statement of profit or loss	**–**	**459,291**	**(23,356)**	**(1,085,984)**	**–**	**(650,049)**
Balance at 31 December 2021	**(2,731)**	**(7,618,639)**	**(1,480,899)**	**1,588,339**	**114,987**	**(7,398,943)**

The temporary differences mainly arose from unpaid provision of salaries and wages, provisions of compensation fees for mining rights and land subsidence, restoration, rehabilitation and environmental costs and also included payments on certain expenses such as exploration costs and certain income in Australia.

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December	
	2021 RMB'000	2020 RMB'000
Deferred tax assets	**2,779,837**	2,037,096
Deferred tax liabilities	**(10,178,780)**	(8,458,913)
	(7,398,943)	(6,421,817)

At the reporting date, the Group has unused tax losses of approximately RMB11,652 million (2020: RMB13,331 million) available for offset against future profits. RMB4,861 million deferred tax asset has been recognised (2020: RMB2,793 million) for such tax losses. No deferred tax asset has been recognised in respect of tax losses of approximately RMB5,242 million (2020: RMB3,791 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB673 million, RMB1,755 million, RMB601 million, RMB134 million and RMB2,079 million (2020: RMB87 million, RMB920 million, RMB2,029 million, RMB601 million and RMB134 million) that will be expiring in 2022, 2023, 2024, 2025 and 2026 (2020: 2021, 2022, 2023, 2024 and 2025) respectively.

41. DEFERRED TAXATION (Continued)

By reference to financial budgets, management believes that there will be sufficient future profits for the realisation of deferred tax assets which have been recognised in respect of tax losses.

42. SHAREHOLDERS' EQUITY

Share capital

The Company's share capital structure at the reporting date is as follows:

	Domestic invested shares A shares	Foreign invested shares H shares	Total
Number of shares			
At 1 January 2020	2,960,000,000	1,952,016,000	4,912,016,000
Share repurchased (note i)	–	(52,016,000)	(52,016,000)
At 31 December 2020 and 1 January 2021	2,960,000,000	1,900,000,000	4,860,000,000
Issue of shares upon exercise of share options (note ii)	14,184,060	–	14,184,060
At 31 December 2021	2,974,184,060	1,900,000,000	4,874,184,060

	Domestic invested shares A shares RMB'000	Foreign invested shares H shares RMB'000	Total RMB'000
Registered, issued and fully paid			
At 1 January 2020	2,960,000	1,952,016	4,912,016
Share repurchased (note i)	–	(52,016)	(52,016)
At 31 December 2020 and 1 January 2021	2,960,000	1,900,000	4,860,000
Issue of shares upon exercise of share options (note ii)	14,184	–	14,184
At 31 December 2021	2,974,184	1,900,000	4,874,184

Each share has a par value of RMB1.

Note:

(i) During the year ended 31 December 2020, the Company repurchased 52,016,000 of its own shares. The total amount paid was approximately RMB284,599,000.

(ii) During the year ended 31 December 2021, 14,184,060 ordinary shares of RMB1 each were issued upon the exercise of share options. The total consideration was approximately RMB128,461,000 and resulted in the increase in share capital and share premium of approximately RMB14,184,000 and RMB114,277,000 respectively. The share option reserve has been decreased by approximately RMB31,347,000 and was transferred to share premium.

42. SHAREHOLDERS' EQUITY (Continued)

Reserves

Future Development Fund

Pursuant to regulation in the PRC, the Company, Shanxi Tianchi and Heze are required to transfer an annual amount to a future development fund at RMB6 per tonne of raw coal mined (Xintai, Ordos, Shaanxi Future Energy and Inner Mongolia Mining : RMB10.5 per tonne of raw coal mined). The fund can only be used for the future development of the coal mining business and is not available for distribution to shareholders.

From 2008 onwards, Shanxi Tianchi is required to transfer an additional amount at RMB5 per tonne of raw coal mined as coal mine transformation fund. Pursuant to the Shanxi Provincial Government's decision, coal mine transformation fund was suspended since 1 August 2013.

Pursuant to the regulations of the Shandong Province Finance Bureau, State-owned Assets Supervision and Administration Commission of Shandong Province and the Shandong Province Coal Mining Industrial Bureau, the Company is required to transfer an additional amount at RMB5 per tonne of raw coal mined from 1 July 2004 to the reform specific development fund for the future improvement of the mining facilities and is not distributable to shareholders. No further transfer to the reform specific development fund is required from 1 January 2008.

In accordance with the regulations of the State Administration of Work Safety, the Company has a commitment to incur RMB15 per tonne of raw coal mined from 1 February 2012 onwards (Shanxi Tianch RMB30 per tonne of raw coal mined from 1 October 2013 onwards, Xintai and Ordos RMB15 per tonne of raw coal mined from 1 February 2012 onwards, Shaanxi Future Energy and Inner Mongolia Mining RMB15 per tonne of raw coal mined) for each tonne of raw coal mined which will be used for enhancement of safety production environment and improvement of facilities ("Work Safety Cost"). In prior years, the work safety expenditures are recognised only when acquiring the assets or incurring other work safety expenditures. The Company, Heze, Shanxi Tianchi, Xintai and Ordos make appropriation to the future development fund in respect of unutilised Work Safety Cost from 2008 onwards.

In accordance with the regulations of the State Administration of Work Safety, the Company's subsidiaries, Hua Ju Energy, Shanxi Tianhao and Yulin, have a commitment to incur Work Safety Cost at the rate of: 4% of the actual sales income for the year below RMB10 million; 2% of the actual sales income for the year between RMB10 million and RMB100 million (included); 0.5% of the actual sales income for the year between RMB100 million and RMB1 billion (included); 0.2% of the actual sales income for the year above RMB1 billion.

42. SHAREHOLDERS' EQUITY (Continued)

Reserves (Continued)

Statutory Common Reserve Fund

The Company and its subsidiaries in the PRC have to set aside 10% of its profit for the statutory common reserve fund (except where the fund has reached 50% of its registered capital). The statutory common reserve fund can be used for the following purposes:

– to make good losses of the previous years; or

– to convert into capital, provided such conversion is approved by a resolution at a shareholders' general meeting and the balance of the statutory common reserve fund does not fall below 25% of the registered capital.

Retained earnings

In accordance with the Company's Articles of Association, the profit for the purpose of appropriation will be deemed to be the lesser of the amounts determined in accordance with (i) PRC accounting standards and regulations and (ii) IFRS or the accounting standards of the places in which its shares are listed.

As at 31 December 2021, the distributable reserve of the Company is approximately RMB37,388,828,000.

43. PERPETUAL CAPITAL SECURITIES

	Perpetual capital securities issued by the Company RMB'000 (notes (i), (ii), (iv), (v) & (vi))	**Perpetual capital securities issued by a subsidiary** RMB'000 (note (iii))	**Total** RMB'000
At 1 January 2020	10,311,611	3,417,351	13,728,962
Dividend to holders of perpetual capital security	491,042	56,656	547,698
Distribution paid to holders of perpetual capital security	(584,986)	(56,656)	(641,642)
Redemption of perpetual capital security (i)	(5,000,000)	(3,417,351)	(8,417,351)
At 31 December 2020 and 1 January 2021	**5,217,667**	**–**	**5,217,667**
Issuance of perpetual capital security	**7,984,270**	**–**	**7,984,270**
Dividend to holders of perpetual capital security	**178,664**	**–**	**178,664**
Distribution paid to holders of perpetual capital security	**(262,501)**	**–**	**(262,501)**
Redemption of perpetual capital security (ii)	**(5,000,000)**	**–**	**(5,000,000)**
At 31 December 2021	**8,118,100**	**–**	**8,118,100**

43. PERPETUAL CAPITAL SECURITIES (Continued)

Notes:

(i) The Company issued 5.7% perpetual capital securities with par value RMB5,000,000,000, on 18 August 2017. Coupon payments of 5.7% per annum, which will be reset every 3 years, on the perpetual capital securities are paid in arrears. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity. During the year ended 31 December 2020, the Group has redeemed these perpetual securities at their principal amount.

(ii) The Company issued 6% perpetual capital securities with par value of RMB5,000,000,000 on 26 March 2018. Coupon payments of 6% per annum on the perpetual capital securities are paid once a year. The perpetual capital securities has no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity. During the year ended 31 December 2021, the Group has redeemed these perpetual securities at their principal amount.

(iii) On 13 April 2017, Yancoal International Resources Development Co., Limited issued 5.75% perpetual capital securities with par value of USD500,000,000, which is guaranteed by the Company. Coupon payments of 5.75% per annum on the perpetual capital securities are paid semi-annually in arrears. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity. During the year ended 31 December 2020, the Group has fully redeemed these perpetual securities at their principal amount.

(iv) The Company issued 3.99% and 4.40% perpetual capital securities with par value RMB1,700,000,000 and RMB3,300,000,000 respectively, on 22 June 2021. Coupon payments of 3.99% and 4.40% per annum on the perpetual capital securities are paid once a year. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.

(v) The Company issued 3.54% perpetual capital securities with par value RMB1,000,000,000, on 20 August 2021. Coupon payments of 3.54% per annum on the perpetual capital securities are paid once a year. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.

(vi) The Company issued 3.67% perpetual capital securities with par value RMB2,000,000,000, on 26 November 2021. Coupon payments of 3.67% per annum, which will be reset every 3 years, on the perpetual capital securities are paid in arrears. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings, perpetual capital securities and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company assess the annual budget prepared by the accounting and treasury department and consider and evaluate the cost of capital and the risks associated with each class of capital. The Group will balance its capital structure through the payment of dividends, issue of new shares and new debts or the repayment of existing debts.

45. FINANCIAL INSTRUMENTS

45a. Categories of financial instruments

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	**70,280,797**	43,551,958
Financial assets at FVTOCI		
– Bills receivables	**7,422,779**	3,312,235
– Listed equity instruments at FVTOCI	**349**	386
– Unlisted equity instruments at FVTOCI	**99,646**	14,640
Financial assets at FVTPL		
– Unlisted equity instruments at FVTPL	**494,188**	429,587
– Royalty receivable	**1,019,884**	1,107,497
– Unlisted debt investments	**150,481**	50,356
Financial liabilities		
Financial liabilities at amortised cost	**167,078,755**	160,179,457
Financial liabilities at FVTPL		
– Derivative financial instruments	**59,132**	231,971

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies

The Group's major financial instruments include investments in securities, bills and accounts receivable, royalty receivables, other receivables, bank balances and cash, pledged term deposits, restricted cash, long-term receivables, derivative financial instruments, bills and accounts payables, other payables, long-term payables, borrowings, amounts due to Parent Company and its subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021 and 2020, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 54.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group maintains its cash and cash equivalents with reputable banks. Therefore, the directors consider that the credit risk for such is minimal.

The Group generally grants the customers with long-relationship credit terms not exceeding 180 days, depending on the situations of the individual customers. For small to medium sized new customers, the Group generally requires them to pay for the products before delivery.

For accounts and bills receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Bills and accounts receivables	Other financial assets/other items
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	Lifetime ECL – not credit impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date (refer to as Stage 1)	Lifetime ECL – not credit impaired	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades are disclosed in respective notes.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Details of the accounts receivable from the five customers with the largest gross receivable balances at 31 December 2021 and 2020 are as follows:

	Percentage of accounts receivable At 31 December	
	2021	2020
Five largest receivable balances	**23.39%**	23.18%

The management considers the strong financial background and good creditability of these customers, and there is no significant uncovered credit risk.

Market risk

(i) Currency risk

The Group's sales are denominated mainly in the functional currency of the relevant group entity making the sale, whilst costs are mainly denominated in the group entity's functional currency. Accordingly, there is no significant exposure to transactional foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities in currencies other than the functional currencies of the relevant group entities at the reporting date are as follows:

	Liabilities		**Assets**	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
USD	**42,955,025**	30,529,823	**32,502,458**	7,307,100
EUR	**–**	–	**42,408**	19,693
Hong Kong Dollar ("HKD")	**583**	218,831	**2,320**	425,626
Australian Dollar ("AUD")	**–**	–	**9,094**	9,879

The sales of the Group's subsidiaries in Australia are mainly export sales and some of their fixed assets are imported from overseas. Their foreign exchange exposures are hedged by foreign currency denominated borrowings. The Group's operations in the PRC do not adopt any foreign exchange hedging policy.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the fluctuation against the currency of USD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against relevant foreign currencies. 5% represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates and also assumes all other risk variables remained constant. The sensitivity analysis includes loans of foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

	USD impact (note (i))	
	2021	2020
	RMB'000	RMB'000
(Decrease) increase in profit		
– if RMB weakens against respective foreign currency	**(57,792)**	(169,118)
– if RMB strengthens against respective foreign currency	**57,792**	169,118

	USD impact (note ii)	
	2021	2020
	RMB'000	RMB'000
(Decrease) increase in profit		
– if AUD weakens against respective foreign currency	**419,779**	654,952
– if AUD strengthens against respective foreign currency	**(419,779)**	(654,952)

Notes:

(i) This is mainly attributable to the exposure of the Group's outstanding bank deposit and loans denominated in USD.

(ii) This is mainly attributable to the exposure of the Group's outstanding bank borrowings in foreign currency designated as cash flow hedge.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, pledged term deposits, restricted cash (note 17) and variable rate borrowings (note 38).

The Group's exposures to interest rate risk on financial assets and financial liabilities are detailed in the liquidity risk section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the People's Bank of China ("PBOC") arising from the Group's RMB borrowings and the LIBOR arising from the Group's USD borrowings.

Sensitivity Analysis

The following table details the Group's sensitivity to a change of 100 basis points in the interest rate, assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year and all the variables were held constant.

	2021 **RMB'000**	2020 RMB'000
(Decrease) increase in profit or loss		
– if increases by 100 basis points	**(166,090)**	(497,604)
– if decreases by 100 basis points	**166,090**	497,604

(iii) Other price risk

In addition to the above risks relating to financial instruments, the Group is exposed to equity price risk through investment in listed equity securities. The Group currently does not have any arrangement to hedge the price risk exposure of its investment in equity securities. The Group's exposure to equity price risk through investment in listed equity securities is not significant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Within 1 years or on demand RMB'000	1-5 years RMB'000	5+ years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 December RMB'000
2021					
Non-derivative financial liabilities					
Bills and accounts payable	22,995,923	–	–	22,995,923	22,995,923
Other payables	34,363,654	–	–	34,363,654	34,363,654
Amounts due to Parent Company and its subsidiary companies	2,693,959	–	–	2,693,959	2,693,959
Guaranteed notes	7,812,389	14,911,040	–	22,723,429	21,795,780
Bank borrowings	17,935,311	49,870,516	9,861,086	77,666,913	65,564,801
Other borrowings	431,187	6,664,910	–	7,096,097	6,071,316
Corporate bonds	–	3,101,580	7,286,000	10,387,580	9,968,200
Long term payable	388,976	1,256,240	7,226,339	8,871,555	3,625,122
	86,621,399	73,728,286	26,449,425	186,799,110	167,078,055
Financial liabilities at fair value through profit and loss	59,132	–	–	59,132	59,132
Financial guarantees issued					
Maximum amount guaranteed (note)	4,042,829	–	–	4,042,829	–

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

	Within 1 years or on demand RMB'000	1-5 years RMB'000	5+ years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 December RMB'000
2020					
Non-derivative financial liabilities					
Bills and accounts payable	21,812,134	–	–	21,812,134	21,812,134
Other payables	41,071,538	–	–	41,071,538	41,071,538
Amounts due to Parent Company and its subsidiary companies	2,111,472	–	–	2,111,472	2,111,472
Guaranteed notes	7,855,806	17,986,041	–	25,841,847	22,687,798
Bank borrowings	24,940,412	33,308,047	9,861,086	68,109,545	59,619,196
Corporate bonds	–	3,101,580	7,286,000	10,387,580	9,955,950
Long term payable	669,233	848,685	4,849,478	6,367,396	2,921,369
	98,460,595	55,244,353	21,996,564	175,701,512	160,179,457
Financial liabilities at fair value through profit or loss	231,971	–	–	231,971	231,971
Financial guarantees issued					
Maximum amount guaranteed (note)	4,057,332	–	–	4,057,332	–

Additional information about the maturity of lease liabilities is provided in the following table:

	Within 1 years RMB'000	**1-5 years RMB'000**	**5+ years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
As at 31 December 2021	**209,376**	**1,442,301**	**188,772**	**1,840,449**	**1,100,028**
As at 31 December 2020	**1,001,371**	**1,959,473**	**–**	**2,960,844**	**2,589,963**

Note: the amount presented is the maximum contractual presented under guarantees issued.

45. FINANCIAL INSTRUMENTS (Continued)

45c. Fair values

The fair value of listed equity investment is determined with reference to quoted market price. The fair values of the interest rate swap are estimated based on the discounted cash flows between the contract forward rate and spot forward rate. The fair value of royalty receivable is determined on the basis as set out in note 19. The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

The following table presents the carrying value of financial instruments measured at fair value across the three levels of the fair value hierarchy:

				At 31 December
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2021				
Assets				
Financial assets at FVTPL:				
– Unlisted equity investments	–	–	494,188	494,188
– Royalty receivables	–	–	1,019,884	1,019,884
– Unlisted debt investments	150,481	–	–	150,481
Financial assets at FVTOCI:				
– Bills receivables	–	–	7,423,806	7,423,806
– Investments in securities listed on the SSE	349	–	–	349
– Unlisted equity securities	–	–	99,646	99,646
	150,830	–	9,037,524	9,188,354
Liabilities				
Financial assets at FVTPL:				
– Derivative financial instruments	–	59,132	–	59,132

45. FINANCIAL INSTRUMENTS (Continued)

45c. Fair values (Continued)

				At 31 December
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
2020				
Assets				
Financial assets at FVTPL:				
– Unlisted equity investments	–	–	429,587	429,587
– Royalty receivables	–	–	1,107,497	1,107,497
– Unlisted debt investments	50,356	–	–	50,356
Financial assets at FVTOCI:				
– Bills receivables	–	–	3,312,609	3,312,609
– Investments in securities listed on the SSE	386	–	–	386
– Unlisted equity securities	–	–	14,640	14,640
	50,742	–	4,864,333	4,915,075
Liabilities				
Financial assets at FVTPL:				
– Derivative financial instruments	–	231,971	–	231,971

During the years ended 31 December 2021 and 2020, there are no change in categories between level 1 and level 2 and no movement from or into level 3. For more information about royalty receivable, please refer to note 19.

The fair value of the royalty receivable is determined using the discounted future cash flows that are dependent on the following unobservable inputs: forecast sales volumes, coal prices and fluctuations in foreign exchange rates. The forecast sales volumes are based on the internally maintained budgets, five year business plan and life of mine models. The forecast coal prices and long term exchange rates are based on external data consistent with the data used for impairment assessments. The risk-adjusted post-tax discount rate used to determine the future cash flows is 11% (2020: 11%). The estimated fair value would increase if the sales volumes and coal prices were higher and if the AUD weakens against the USD. The estimated fair value would also increase if the risk adjusted discount rate was lower.

46. SHARE-BASED PAYMENTS

(a) The Company

In February 2019, a share option scheme of the Company (the "Share Option Scheme") was approved. The principal terms are as follows:

(i) Purpose

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

(ii) Scope of participants

The participants include the directors, senior management, mid-level management and core employees of the Company. In respect of the abovementioned participants, any such directors and senior management must have been elected at the General Meeting or appointed by the Board. A participant must be employed by and have entered into a labor contract or an employment contract with the Company, the wholly-owned subsidiaries or controlled subsidiaries of the Company as at the date of grant and during the assessment years.

The participants do not include the external directors (including the independent directors), the supervisors and any shareholder or actual controller individually or jointly holding more than 5% of the shares of the Company and their respective spouse, parents and children. The participants shall not also be participants of share incentive schemes of any other listed companies, and persons who are already participants of such incentive schemes of any other listed companies shall not take part in the Share Option Scheme.

46. SHARE-BASED PAYMENTS (Continued)

(a) The Company (Continued):

(iii) Total number of the options involved in the Share Option Scheme

The number of A Share Options granted under the scheme is 46,320,000. Upon satisfaction of the conditions of exercise of the share options, each share option shall provide its holder with a right to purchase one A Share at the exercise price during the validity period. The share options shall not be transferred, mortgaged or used to set-off.

(iv) Validity Period

The validity period of the share options granted under the Share Option Scheme commences from the date of grant, and such period must not exceed 60 months.

(v) Vesting Period

The share options will have vesting periods of 24 months, 36 months and 48 months commencing from the date of grant respectively.

(vi) Exercise Price, exercisable period and exercise conditions

The exercise of the share options under the Share Option Scheme are subject to the performance targets in the assessment years from the financial year of 2019 through the financial year of 2021. Assessment will be made once a financial year.

Under the premise that conditions of exercise of the share options have been fulfilled, the share options are exercisable in three tranches upon expiry of 24 months of the date of grant.

The participants shall exercise their share options during the validity period of the share options. If the conditions of exercise of share options are not fulfilled, the share options for that period shall not be exercised. If the conditions of the share options are fulfilled but not all of the relevant share options for that period have been exercised, such portion of the unexercised share option shall be cancelled by the Company.

46. SHARE-BASED PAYMENTS (Continued)

(a) The Company (Continued):

(vi) Exercise Price, exercisable period and exercise conditions (continued)

During the year ended 31 December 2021, 14,184,060 (2020: nil) options were exercised and 3,299,140 (2020: nil) were cancelled under the Share Option Scheme. No options were granted during the year ended 31 December 2021 (2020: nil) under the Share Option Scheme.

As at 31 December 2021, the Company had 28,836,800 (2020: 46,320,000) share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 28,836,800 (2020: 46,320,000) additional ordinary shares of the Company. No option is exercisable as at 31 December 2021 and 2020

RMB15,118,000 (2020: RMB31,898,000) was recognised as share option expenses during the year ended 31 December 2021.

(b) Equity incentive plan of a subsidiary

Yancoal Australia, a non-wholly-owned subsidiary of the Company, had adopted a share incentive scheme and the principal terms of the incentive plan (the "Plan") are as follows:

(i) Purpose

The purpose of the Plan is to:

(1) attract, retain and motivate eligible employees essential for the continued growth and development of Yancoal Australia;

(2) provide a strategic, value based reward for eligible employees who make a key contribution to the success of Yancoal Australia;

(3) align the interests of eligible employees more closely with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the form of awards;

46. SHARE-BASED PAYMENTS (Continued)

(b) Equity incentive plan of a subsidiary (Continued)

(i) Purpose (Continued)

(4) provide eligible employees with the opportunity to share in any future growth in value of Yancoal Australia; and

(5) provide greater incentive for eligible employees to focus on Yancoal Australia's longer term goals.

(ii) Scope of participants

Those employees that the Board of Yancoal Australia (the "Board") determine are eligible to participate in the Plan (the "Participants"). Eligible employee may receive, at the absolute discretion of the Board, options or rights (a conditional right to receive shares of Yancoal Australia) ("Rights") or a Share (each, an "Award") under the Plan.

(iii) Maximum number of shares

Where an offer is made under the Plan, the Board of Yancoal Australia must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or, in respect of Options or Rights, the total number of Shares which would be issued if those Options or Rights were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under: (a) the Plan or any other employee incentive scheme covered by the Australian Securities and Investments Commission ("ASIC") Class Order CO 14/1000 (or any amendment to or replacement of that Class Order) ("Class Order"); or (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme, ("5% Limit").

46. SHARE-BASED PAYMENTS (Continued)

(b) Equity incentive plan of a subsidiary (Continued)

The Rights are redeemable on a one-for-one basis for Yancoal Australia's shares. Yancoal Australia may at its discretion to settle Rights in cash or share.

During the year ended 31 December 2021, 2,870,651 (2020: 2,591,655) Rights were granted and 574,271 (2020: 2,736,554) Rights were forfeited lapsed. During the year ended 31 December 2021, 183,254 Rights (2020: nil) were settled in cash. As at 31 December 2021, 5,548,066 Rights (2020: 3,434,940 Rights) were still outstanding.

During the year ended 31 December 2021, a share-based payment expense of RMB4,231,000 (2020: net reversal of RMB7,341,000) was recognised in profit or loss.

The fair value of share options granted was estimated on the date of grant using the Black Scholes model, taking into account of the terms and conditions upon which the options were granted. The inputs used in the model was as follow:

	LTIP	**LTIP**
Grant date	1/1/2021	1/1/2020
Post-consolidation share price at grant date ($)	AUD2.45	AUD2.86
Dividend yield	8%	8%
Value per performance right	AUD1.94	AUD2.23

The Rights has been valued using the volume weighted average price of Yancoal Australia's ordinary shares across a 10 day trading period before grant date.

There are a maximum of 5,548,066 shares available for issue, which, if issued as new shares of Yancoal Australia, would represent 0.4% of share capital in issue at 31 December 2021 (2020: 3,434,940 shares representing 0.3% of share capital of Yancoal Australia).

47. ACQUISITIONS AND BUSINESS COMBINATIONS

(A) Acquisition of 10% interest in Moolarben Coal Joint Venture

On 31 March 2020, Yancoal Moolarben Coal Mine Pty Ltd, a 100% owned subsidiary of Yancoal Australia acquired an additional 10% interest in Moolarben Coal Joint Venture ("Moolarben JV") previously owned by Sojitz Corporation ("Sojitz"). The Moolarben JV was accounted for as a joint operation prior to the acquisition of such additional interest. Following the acquisition, Yancoal Australia holds an 95% interest in the Moolarben JV. The cash consideration paid and payable was AUD300 million (equivalent to approximately RMB1,455,634,000) split into four installments over a period of 12 months plus a AUD8 million (equivalent to approximately RMB39,609,000) effective date adjustment whereby the cash consideration was increased by 10% of the Moolarben JV's net cash outflows from 1 January 2020 to completion date.

On acquiring the additional interest, the Group is deemed to now control the activities of Moolarben JV by holding all voting rights on the Joint Venture Policy Committee. The change in accounting treatment from joint control to control has resulted in a deemed disposal of the previously held interest and a deemed acquisition of the new interest.

	RMB'000
Consideration transferred	
Discounted purchase price	1,455,634
Effective date adjustment	39,609
Previously held interest	11,049,926
Total consideration	12,545,169
Fair value of net identifiable assets acquired at the date of acquisition	15,778,227
Gain on acquisition and remeasurement	3,233,058
Net cash outflow arising on acquisition	
Cash paid on acquisition	1,455,634
Less: Bank balance and cash acquired	(19,804)
	1,435,830

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(A) Acquisition of 10% interest in Moolarben Coal Joint Venture (Continued)

Fair value of assets acquired and liabilities recognised at the date of acquisition:

	Net fair value RMB'000
Bank balances and cash	184,515
Accounts receivables	103,555
Prepayments and other receivables	126,486
Inventories	273,972
Property, plant and equipment	5,862,034
Construction in progress	644,836
Right-of-use assets	265,073
Intangible assets	13,431,874
Accounts payables	(95,318)
Other payables	(456,295)
Lease liabilities	(276,595)
Provisions	(393,058)
Deferred tax liabilities	(3,892,852)
Net fair value change	15,778,227

Revenue and profit contribution

The acquired interest contributed revenue of approximately RMB467 million and net profit after tax of approximately RMB60 million to the Group for the period from 1 April 2020 to 31 December 2020. If the acquisition had occurred on 1 January 2020, consolidated revenue and net profit for the year ended 31 December 2020 would have been increased by approximately RMB196 million and approximately RMB55 million respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(B) Reconsolidation of Watagan

On 18 February 2016, Yancoal Australia executed a bond subscription agreement, together with other agreements (the "Watagan Agreements") that, on completion, transferred the Group's interest in three of its 100% owned coal mines to Watagan for a purchase price of approximately AUD1.3 billion.

On completion, under the terms of the Watagan Agreements, it was determined that upon issuance of the bonds, Yancoal Australia lost control of Watagan. These powers were transferred to the bondholders under the terms of the Watagan Agreements as the Bondholders will be given control of Watagan's board of directors via appointment of the majority of directors.

Given the Group maintains one seat on the Watagan board and has ongoing involvement under the terms of the Watagan Agreements, the Group was determined to have significant influence over Watagan. As a result, the Group equity accounts for its interests in Watagan thereafter.

As stipulated in the Watagan Agreements, the bondholders were granted a put option to transfer the bonds to the Parent Company. On 4 January 2019, one of the bondholders exercised its right and put US$200 million of bonds to the Parent Company. As a consequence, the Parent Company became a bondholder. As the put bond represented less than 50.1% of the face value of the bonds, Yancoal Australia had not regained accounting control of Watagan. Accordingly, the Group continues to equity account for its interest in Watagan.

On 16 December 2020, Yancoal Australia announced that a commercial arrangement had been entered into between Yankuang HK, a wholly owned subsidiary of the Parent Company and the other two Bondholders. This arrangement includes an agreement that the remaining US$575 million bonds will be put to the Parent Company, with completion of the transfer of the bonds to Yankuang HK due to occur on 31 March 2021 (or such earlier date as the Parent Company may nominate). The bondholders have also agreed with the Parent Company that their nominated directors will step down from the Watagan Board with effect from 16 December 2020. The resignation of the directors of Watagan nominated by the Bondholders resulted in Yancoal Australia regaining accounting control of Watagan from that date. This change in accounting control resulted in Yancoal Australia ceasing to equity account for its 100% equity interest in Watagan as an associate and reconsolidate the assets, liabilities and results of Watagan as a subsidiary from 16 December 2020. The reconsolidation of Watagan Group is accounted for as a business combination.

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(B) Reconsolidation of Watagan (Continued)

	RMB'000
Consideration transferred – balances eliminated on reconsolidation	
Interest-bearing loan to Watagan	4,051,361
Tax sharing and funding payables to Watagan	(173,135)
Net accounts receivables from Watagan	29,680
Fair value of interests previously held	–
	3,907,906
Fair value of net identifiable liabilities assumed at the date regarding the reconsolidation of Watagan	2,936,104
Loss on reconsolidation of Watagan	6,844,010

Assets acquired and liabilities recognised from the reconsolidation are as follows:

	RMB'000
Bank balances and cash	35,552
Bills and accounts receivables	36,721
Inventories	81,985
Prepayments and other receivables	37,001
Construction in progress	158,275
Right-of-use assets	179,494
Property, plant and equipment	1,256,047
Intangible assets	1,381,462
Deferred tax assets	563,842
Bills and accounts payables	(325,062)
Borrowings	(4,979,401)
Lease liabilities	(298,106)
Provision	(1,063,914)
Net liabilities recognised	(2,936,104)

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(B) Reconsolidation of Watagan (Continued)

	RMB'000
Net cash inflow arising on acquisition	
Cash paid on acquisition	–
Add: Bank balance and cash acquired	35,552
	35,552

During the year ended 31 December 2019, the Group had a loan of around RMB4,398,756,000 which was granted to Watagan and details of which are sort out in the Company's consolidated financial statements for the year ended 31 December 2019. The outstanding balance prior to the reconsolidation of the financial statements of Watagan amounted to RMB4,051,361,000 which was eliminated upon the reconsolidated of the financial statements of Watagon during the year.

Revenue and profit contribution

The reconsolidation contributed revenue of nil and net profit after tax of approximately RMB10 million to the Group for the period from 16 December 2020 to 31 December 2020. If the reconsolidation had occurred on 1 January 2020, consolidated revenue and net profit for the year ended 31 December 2020 would have been increased by approximately RMB527 million and nil respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Group's revenue and operating results if the reconsolidation has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(C) Acquisition of Target Equity Interests and Target Assets (厚朴項目)

On 30 September 2020, the Company entered into an equity interests and assets transfer agreement (the "Transaction Agreement") with the Parent Company in relation to the acquisition of 49.315%, 100%, 100%, 100%, 100% and 99% equity interests in Shaanxi Future Energy & Chemicals Co., Ltd ("Shaanxi Future Energy"), Yankuang Yuling Fine Chemical Co., Ltd. ("Fine Chemical"), Yankuang Lunan Chemical Co., Ltd ("Lunan Chemical"), Yankuang Jining Chemical Equipment Co., Ltd. ("Chemical Equipment"), Yankuang Coal Chemicals International Trading Co., Ltd. ("Trading Company") and Shandong Yankuang Jining No. 3 Power Plant, respectively (collectively referred as the "Target Entities") and the relevant assets of Yankuang Group Information Center (the "Target Assets") collectively the "Acquisition") at a consideration of approximately RMB18.355 billion, of which approximately RMB11.013 billion payable before 31 December 2021. In addition, the Parent Company of the Company made commitments to the audited aggregate net profit attributable to shareholders shall not be less than RMB4.314 billion during the years 2020 to 2022. In the case which after the end of the commitment period, the aggregate amount of actual net profit corresponding to the Target Entities' interests does not reach the committed net profit, the Parent Company shall compensate the Company in cash, and the specific compensation amount shall be calculated based on the difference between the committed net profit and the actual net profit corresponding to the Target Entities' interests. The transaction was completed in December 2020.

Prior to the Acquisition, the Group had 24.66% equity interest in Shaanxi Future Energy. Following the Acquisition, Shaanxi Future Energy became a non-wholly-owned subsidiary of the Group.

	RMB'000
Consideration transferred	
Cash consideration paid	6,764,720
Consideration payable	11,590,710
Contingent consideration receivable	(161,781)
Previously held interests in Shannxi Future Energy*	4,425,228
Total consideration	22,618,877

* Included remeasurement gain of RMB1,664,006,000 (note 10).

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(C) Acquisition of Target Equity Interests and Target Assets (Continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Bank balances and cash	2,965,902
Bills and accounts receivables	1,561,096
Prepayments and other receivables	1,980,905
Inventories	655,554
Long-term receivables – due within one year	882,950
Investments in securities	326,345
Investment properties	20,915
Property, plant and equipment	17,804,965
Construction in progress	3,460,165
Right-of-use assets	500,704
Intangible assets	15,201,447
Long-term receivables – due after one year	147,689
Deferred tax assets	179,796
Prepayments for property, plant and equipment and intangible assets	528,365
Borrowings	(8,083,638)
Bills and accounts payables	(3,048,318)
Contract liabilities	(542,002)
Other payables and accrued expenses	(3,157,250)
Tax payable	(315,099)
Lease liabilities	(400,470)
Long term payables	(125,533)
Deferred tax liabilities	(2,396,313)
Total identifiable assets	28,148,175
Less: Non-controlling interests (at proportionate share of net assets)	(5,498,925)
Gain on bargaining purchase	(30,373)
	22,618,877
Net cash outflow arising on acquisition	
Cash paid on acquisition	6,764,720
Less: Bank balance and cash acquired	(2,965,902)
	3,798,818

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(C) Acquisition of Target Equity Interests and Target Assets (Continued)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, the Target Entities had contributed a total revenue of approximately RMB599,547,000 and net profit of approximately RMB445,770,000.

If the acquisition had occurred on 1 January 2020, the consolidated revenue and net profit of the Group for the year ended 31 December 2020 would have been increased by approximately RMB13,174,189,000 and approximately RMB1,434,958,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

(D) Capital increase in Inner Mongolia Mining

On 28 October 2020, the Company entered into a capital increase arrangement with Inner Mongolia Geological Mining (Group) Company Limited ("Inner Mongolia Dikuang") and hold 51% equity interests in Inner Mongolia Mining (Group) Company Limited ("Inner Mongolia Mining") after the capital increase.

	RMB'000
Consideration transferred	
Capital contribution made	1,640,373
Capital contribution payable	2,321,917
	3,962,290

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(D) Capital increase in Inner Mongolia Mining (Continued)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Bank balances and cash	139,521
Investments in associates	3,967,281
Capital contribution receivables	2,321,917
Bills and accounts receivables	278,099
Prepayments and other receivables	1,027,686
Inventories	15,932
Prepayments for property, plant and equipment and intangible assets	17,843,094
Property, plant and equipment	1,359,702
Construction in progress	523,697
Right-of-use assets	888,185
Intangible assets	164,605
Deferred tax assets	622,480
Borrowings	(3,050,850)
Bills and accounts payables	(456,042)
Contract liabilities	(14,410)
Other payables and accrued expenses	(9,042,844)
Tax payable	(27,291)
Long term payables	(2,098,347)
Lease liabilities	(298,699)
Deferred tax liabilities	(2,935,971)
Net assets acquired	11,227,745
Less: non-controlling interests (at proportionate share of net assets)	(6,430,945)
Gain on bargaining purchase	(834,510)
	3,962,290
Net cash outflow arising on acquisition	
Cash paid on acquisition	1,640,373
Less: Bank balance and cash acquired	(139,521)
	1,500,852

47. ACQUISITIONS AND BUSINESS COMBINATIONS (Continued)

(D) Capital increase in Inner Mongolia Mining (Continued)

Revenue and profit contribution

During the period from the acquisition date to 31 December 2020, Inner Mongolia Mining had contributed a total revenue of approximately nil and net profit of approximately nil.

If the acquisition had occurred on 1 January 2020, the consolidated revenue of the Group for the year ended 31 December 2020 would have been increased by approximately RMB1,048,555,000 and net profit for the year ended 31 December 2020 would have been decreased by approximately RMB1,165,540,000 respectively.

The proforma financial information was for illustrative purpose only and did not necessarily reflect the Group's revenue and operating results if the acquisition has been completed on 1 January 2020 and could not serve as a basis for the forecast of future operation result.

(E) In addition to the above, during the year ended 31 December 2020, the Group acquired 2 subsidiaries that are not individually material for aggregate consideration of approximately RMB239 million and resulted in goodwill of approximately RMB90 million.

48. NON-CONTROLLING INTERESTS

Summarised financial information of material non-controlling interests of subsidiaries is set out below.

	Yancoal Australia At 31 December		Haosheng At 31 December	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Non-controlling interests percentage	**37.74%**	37.74%	**44.56%**	44.56%
Summarised financial information				
Current assets	**11,699,513**	6,732,506	**3,829,741**	2,019,870
Non-current assets	**42,835,638**	48,720,832	**11,226,173**	11,120,442
Current liabilities	**(3,815,262)**	(6,005,633)	**(7,595,673)**	(1,791,171)
Non-current liabilities	**(22,307,380)**	(23,390,344)	**(2,569,012)**	(5,967,697)
Net assets	**28,412,509**	26,057,361	**4,891,229**	5,381,444
Carrying amounts of non-controlling interests	**10,722,881**	9,834,048	**2,179,532**	2,397,971
Revenue	**26,040,002**	17,677,134	**2,093,313**	2,436,295
Profit (loss) for the year	**3,812,400**	(4,437,043)	**(571,495)**	548,298
Other comprehensive income (expense)	**(2,537,939)**	2,383,635	**–**	–
Total comprehensive income (expense)	**1,274,461**	(2,053,408)	**(571,495)**	548,298
Total comprehensive income (expense) allocated to non-controlling interests	**480,981**	(774,956)	**(254,658)**	244,322
Cash flows generated from operating activities	**9,156,480**	3,034,862	**934,191**	1,167,376
Cash flows used in investing activities	**(1,474,675)**	(2,964,633)	**(583,079)**	(444,588)
Cash flows (used in) from financing activities	**(3,667,411)**	(1,575,118)	**(293,788)**	(709,969)
Net (decrease) increase in cash and cash equivalents	**4,014,394**	(1,504,889)	**57,324**	12,819
Dividends paid to non-controlling interests	**–**	530,082	**–**	–

48. NON-CONTROLLING INTERESTS (Continued)

Summarised financial information of material non-controlling interests of subsidiaries is set out below. (Continued)

	Shaanxi Future Energy At 31 December		Inner Mongolia Mining At 31 December	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
Non-controlling interests percentage	**26.03%**	26.03%	**49%**	49%
Summarised financial information				
Current assets	**9,270,518**	2,212,734	**2,815,404**	3,605,804
Non-current assets	**17,334,145**	29,692,013	**34,801,659**	25,401,225
Current liabilities	**(5,399,840)**	(4,083,541)	**(16,604,219)**	(13,199,188)
Non-current liabilities	**(4,432,980)**	(4,804,228)	**(9,182,094)**	(4,580,096)
Net assets	**16,771,843**	23,016,978	**11,830,750**	11,227,745
Carrying amounts of non-controlling interests	**4,365,711**	5,991,319	**5,797,068**	5,501,595
Revenue	**15,025,805**	1,071,440	**1,277,790**	–
Profit (loss) for the year	**5,751,112**	(284,581)	**(1,867,710)**	–
Other comprehensive income (expense)	**–**	–	**–**	–
Total comprehensive income (expense)	**5,751,112**	(284,581)	**(1,867,710)**	–
Total comprehensive income (expense) allocated to non-controlling interests	**1,497,014**	(74,076)	**(915,178)**	–
Cash flows generated from (used in) operating activities	**(11,812,445)**	(1,334,318)	**7,643,371**	–
Cash flows (used in) from investing activities	**(690,089)**	322,429	**(15,292,958)**	–
Cash flows (used in) from financing activities	**12,278,718**	205,536	**7,590,145**	–
Net (decrease) increase in cash and cash equivalents	**(223,816)**	(806,353)	**(59,442)**	–
Dividends paid to non-controlling interests	**–**	–	**–**	–

Note (i): The above financial information is before elimination of intra-group transactions.

49. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. In accordance with Main Board Listing Rules Chapter 14A, continuing connected transactions are disclosed below:

Balances and transactions with related parties

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Nature of balances (other than those already disclosed)		
Bills and accounts receivable		
– Parent Company and its subsidiaries	**681,443**	267,917
– Joint ventures	**214,412**	154,519
– Associates	**479**	60
Prepayments and other receivables		
– Parent Company and its subsidiaries	**6,323,435**	4,409,099
– Joint ventures	**715**	295,545
– Associates	**22,279**	101,287
Long-term receivables		
– Parent Company and its subsidiaries	**2,094,039**	95,203
– Joint ventures	**688,253**	676,085
Bills and accounts payable		
– Joint ventures	**18,753**	14,209
– Associates	**29,822**	21,415
– Parent Company and its subsidiaries	**2,693,959**	2,118,227
Other unsecured borrowing		
– Parent Company	**3,646,508**	–
Other payables and accrued expenses		
– Parent Company and its subsidiaries	**26,299,541**	29,684,260
– Associates	**121,424**	142,836

The amounts due from/to the Parent Company and its subsidiaries, joint ventures and associates excluding the Group, are non-interest bearing, unsecured and repayable on demand.

49. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Balances and transactions with related parties

During the years, the Group had the following significant transactions with the Parent Company and/or its subsidiaries (excluding the Group):

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Income		
Sales of coal	**3,874,128**	1,556,089
Sales of bulk commodities	**791,549**	57,952
Sales of auxiliary materials	**699,873**	332,044
Supply of power and heat	**14,300**	26,755
Sales of methanol	**25,931**	–
Equipment leasing	**26,295**	33,809
Professional services	**1,580**	2,078
Provision of repair and maintenance services	**6,415**	4,042
Provision of road transportation services	**24,351**	26,674
Provision of technology services	**15,562**	23,815
Expenditure		
Cost of methanol	**406,583**	–
Utilities and facilities	**26,396**	52,251
Purchases of materials and facilities	**640,228**	245,752
Repair and maintenance services	**61,449**	98,873
Labour and services	**931,042**	1,008,290
Construction services	**696,044**	690,812
Medical service	**31,696**	–
ERP operation and maintenance services	**41,981**	–
Coal train escort services	**72,817**	51,344
Financial services	**771**	1,572
Insurance fund management and payment services (free of charge)	**741,825**	819,702
Purchase of bulk commodities	**296,280**	2,351,474
Commissioned management services	**–**	2,989

Expenditures for social welfare and support services (excluding medical and child care expenses) are approximately RMB4,580,000 (2020: RMB58,633,000) for the year ended 31 December 2021. These expenses will be negotiated with and paid by the Parent Company each year.

As at 31 December 2021, the Parent Company and its subsidiaries, excluding the Group, had deposited approximately RMB24,890,403,000 (2020: RMB18,699,588,000) to Yankuang Finance. For the year ended 31 December 2021, interest income from and interest expense to the Parent Company and its subsidiaries (excluding the Group) amounted to approximately RMB258,402,000 and RMB245,363,000 respectively (2020: RMB229,770,000 and RMB99,660,000).

In addition to the above, the Company participates in a retirement benefit scheme of the Parent Company in respect of retirement benefits (note 51).

49. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

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

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a large group of companies under the Parent Company which is controlled by the PRC government. Apart from the transactions with the Parent Company and its subsidiaries disclosed above, the Group also conducts business with other state-controlled entities. The directors of the Company consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Trade sales	**14,677,400**	2,918,382
Trade purchases	**6,481,129**	2,777,127

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Amounts due to other state-controlled entities	**1,014,219**	1,066,439
Amounts due from other state-controlled entities	**42,071**	270,870

Amounts due from and to state-controlled entities are trade nature of which terms are not different from other customers and suppliers.

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors of the Company are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations and no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

49. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Balances and transactions with joint ventures/associates

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Loan to a joint venture (note 31)	**688,253**	676,085

Interest recognised by the Group in the current year amounting to approximately RMB92,762,000 (2020: RMB382,659,000).

Compensation of key management personnel

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Directors fee	**600**	600
Salaries, allowance and other benefits in kind	**19,261**	17,533
Retirement benefit scheme contributions	**2,639**	2,634
	22,500	20,767

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

50. COMMITMENTS

Save as disclosed elsewhere is the consolidated financial statements, the Group had the following capital commitments.

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
Acquisition of property, plant and equipment		
– the Group	**3,289,815**	4,490,977
– share of joint operations	**842,893**	193,768
– others	**26,171**	314
Intangible assets		
– share of joint operations	**19,741**	17,655
– others	**2,340**	9,720
Exploration and evaluation		
– share of joint operations	**4,219**	14,864
– others	**–**	361
	4,185,179	4,727,659

51. RETIREMENT BENEFITS

Qualifying employees of the Company are entitled to pension, medical and other welfare benefits. The Company participates in a scheme of the Parent Company and pays a monthly contribution to the Parent Company in respect of retirement benefits at an agreed contribution rate based on the monthly basic salaries and wages of the qualified employees. The Parent Company is responsible for the payment of all retirement benefits to the retired employees of the Company.

Pursuant to the Provision of Insurance Fund Administrative Services Agreement entered into by the Company and the Parent Company on 9 December 2020, the monthly contribution rate is at 20% (2020: 20%) of the total monthly basic salaries and wages of the Company's employees for the period from 1 January 2021 to 31 December 2023. Other welfare benefits will be provided by the Parent Company, which will be reimbursed by the Company.

The amount of contributions paid to the Parent Company were approximately RMB741,825,000 and RMB813,035,000 for the years ended 31 December 2021 and 2020 respectively.

The Company's subsidiaries are participants in a state-managed retirement scheme pursuant to which the subsidiaries pay a fixed percentage of its qualifying staff's wages as a contribution to the scheme. The subsidiaries' financial obligations under this scheme are limited to the payment of the employer's contribution. During the year, contributions paid and payable by the subsidiaries pursuant to this arrangement were insignificant to the Group. The Group's overseas subsidiaries pay fixed contribution as pensions under the laws and regulations of the relevant countries.

During the year and at the balance sheet date, there were no forfeited contributions which arose upon employees leaving the above schemes available to reduce the contributions payable in future years.

52. HOUSING SCHEME

The Company currently makes a fixed monthly contribution for each of its qualifying employees to a housing fund which is equally matched by a contribution from the employees. The contributions are paid to the Parent Company which utilises the funds, along with the proceeds from the sales of accommodation and, if the need arises, from loans arranged by the Parent Company, to construct new accommodation.

53. POST BALANCE SHEET EVENT

On 27 January 2022, the Group issued the Restricted A Share Incentive Scheme for 2021, the number of Share Option under Restricted A Share Incentive Scheme granted is 62,340,000, the Share price at grant date is RMB11.72 per share with 1,256 grantees.

54. CONTINGENT LIABILITIES

(i) Guarantees

	At 31 December	
	2021	2020
	RMB'000	RMB'000
(a) The Group		
Performance guarantees provided to daily operations	**614,988**	687,190
Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	**496,614**	562,316
(b) Joint operations		
Performance guarantees provided to external parties	**699,590**	738,671
Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	**1,815,432**	1,597,379
(c) Related parties		
Performance guarantees provided to external parties	**397,385**	451,351
Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	**18,819**	20,425
	4,042,828	4,057,332

55. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

During the year ended 31 December 2021, the Group entered into several new arrangement in respect of buildings, and plant, machinery and equipment. Right-of-use assets and lease liabilities of approximately RMB478,422,000 (2020: RMB1,575,553,000) were recognised at the commencement of the lease.

During the year ended 31 December 2021, Shandong Energy provided a loan to Yancoal Australia at an interest rate lower than the normal market rate and resulted in a deemed contribution to Yancoal Australia amounting to RMB1,079,627,000 (net of tax) (2020: Nil).

56. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Dividends payable (Note 35) RMB'000	Customers' deposits in relation to financial services (Note 35) RMB'000	Borrowings (Note 38) RMB'000	Lease liabilities (Note 24) RMB'000	Total RMB'000
At 1 January 2021	15,422	18,699,588	92,262,944	2,589,963	113,567,917
Dividends declaration	4,874,184	–	–	–	4,874,184
Finance cost incurred	–	–	143,922	57,841	201,763
Cash flows	(4,875,666)	6,190,815	12,245,090	(1,423,889)	12,136,350
New lease arrangements	–	–	–	478,422	478,422
Termination of lease	–	–	–	(616,616)	(616,616)
Exchange realignment	–	–	290,465	14,307	304,772
Deemed contribution	–	–	(1,542,324)	–	(1,542,324)
At 31 December 2021	13,940	24,890,403	103,400,097	1,100,028	129,404,468

56. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Dividends payable (Note 35) RMB'000	Customers' deposits in relation to financial services (Note 35) RMB'000	Borrowings (Note 38) RMB'000	Lease liabilities (Note 24) RMB'000	Total RMB'000
At 1 January 2020	1,919,666	17,846,659	65,375,491	484,924	85,626,740
Dividends declaration	2,818,800	–	–	–	2,818,800
Finance cost incurred	–	–	–	74,084	74,084
Cash flows	(4,723,044)	852,929	12,171,599	(513,259)	7,788,225
Acquisition of subsidiaries	–	–	16,148,389	1,026,982	17,175,371
New lease arrangements	–	–	–	1,575,553	1,575,553
Termination of lease	–	–	–	(15,767)	(15,767)
Exchange realignment	–	–	(1,432,535)	(42,554)	(1,475,089)
At 31 December 2020	15,422	18,699,588	92,262,944	2,589,963	113,567,917

57. INFORMATION OF THE COMPANY

The Company's statement of financial position is disclosed as follows:

	At 31 December 2021 RMB'000	2020 RMB'000
Current assets		
Bank balances and cash	**14,249,555**	3,186,249
Pledged term deposits	**–**	210,000
Restricted cash	**598,583**	436,684
Bills and accounts receivable	**5,253,054**	3,407,284
Inventories	**1,363,147**	474,837
Prepayments and other receivables	**43,841,830**	47,759,461
	65,306,169	55,474,515
Non-current assets		
Intangible assets	**544,239**	670,607
Property, plant and equipment	**7,801,805**	7,438,822
Right-of-use assets	**6,206,738**	5,314,897
Investments in subsidiaries (note a)	**94,154,449**	91,157,754
Investments in securities	**4,230**	4,660
Investments in associates	**6,296,471**	6,319,002
Investment in joint venture	**32,369**	29,250
Deposit made on investments	**279,934**	117,926
Deferred tax assets	**1,231,361**	1,165,818
	116,551,596	112,218,736
Total assets	**181,857,765**	167,693,251

57. INFORMATION OF THE COMPANY (Continued)

	At 31 December	
	2021	2020
	RMB'000	RMB'000
Current liabilities		
Bills and accounts payable	**5,995,359**	5,443,720
Other payables and accrued expenses	**32,680,703**	34,052,079
Contract liabilities	**1,617,715**	733,242
Borrowings – due within one year	**17,081,355**	18,840,000
Lease liabilities	**976,642**	1,117,876
Long term payable – due within one year	**3,995,200**	6,523,360
Derivative financial instruments	**59,132**	153,055
Tax payable	**962,629**	522,750
	63,368,735	67,386,082
Non-current liabilities		
Borrowings – due after one year	**51,133,941**	36,862,497
Lease liabilities	**4,934,263**	3,909,342
Long term payable – due after one year	**175,897**	155,849
	56,244,101	40,927,688
Total liabilities	**119,612,836**	108,313,770
Capital and reserves (note b)		
Equity	**54,126,829**	54,161,814
Perpetual capital securities	**8,118,100**	5,217,667
	62,244,929	59,379,481
Total liabilities and equity	**181,857,765**	167,693,251

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2021 and 2020 are as follows:

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2021		2020		2021	2020	
			Directly	Indirectly	Directly	Indirectly			
Shanxi Neng Hua (note 1)	PRC	RMB600,000,000	100%	–	100%	–	100%	100%	Investment holding
Shanxi Tianchi (note 1)	PRC	RMB90,000,000	–	81.31%	–	81.31%	81.31%	81.31%	Coal mining business
Shanxi Tianhao (note 1)	PRC	RMB150,000,000	–	99.89%	–	99.89%	99.89%	99.89%	Methanol and electricity power business
Shandong Yanmei Shipping Co., Ltd. ("Yanmei Shipping") (note 1)	PRC	RMB5,500,000	92%	–	92%	–	92%	92%	Transportation via rivers and lakes and the sales of coal and construction materials
Inner Mongolia Haosheng Coal Mining Co., Ltd. ("Haosheng") (note 1)	PRC	RMB1,184,620,000 (2018: RMB904,900,000)	59.38%	–	59.38%	–	59.38%	59.38%	Sales of coal mine machinery equipment and accessories
Zhongyan Trade Co., Ltd. (note 1)	PRC	RMB50,000,000	100%	–	100%	–	100%	100%	Trade and storage in free trade zone
Yanzhou Coal Mining Yulin Neng Hua Co., Ltd. ("Yulin") (note 1)	PRC	RMB1,400,000,000	100%	–	100%	–	100%	100%	Methanol and electricity power business
Heze (note 1)	PRC	RMB3,000,000,000	98.33%	–	98.33%	–	98.33%	98.33%	Coal mining and sales
Ordos (note 1)	PRC	RMB8,100,000,000	100%	–	100%	–	100%	100%	Investment holding, coal mining and sales
Yize (note 1)	PRC	RMB675,000,000	–	100%	–	100%	100%	100%	Development of methanol project
Inner Mongolia Rongxin Chemicals Co., Ltd. (note 1)	PRC	RMB648,360,000	–	100%	–	100%	100%	100%	Development of methanol project
Inner Mongolia Daxin Industrial Gas Co., Ltd. (note 1)	PRC	RMB209,992,568	–	100%	–	100%	100%	100%	Development of methanol project
Xintai (note 1)	PRC	RMB5,000,000	–	100%	–	100%	100%	100%	Coal mining and sales
Ordos Zhuanlongwan Coal Mining Company Limited	PRC	RMB5,050,000,000	–	100%	–	100%	100%	100%	Coal mining and sales, manufacturing and sales of mining equipment and machinery
Ordos Yingpanhao Coal Mining Company Limited ("Yingpanhao") (note 1)	PRC	RMB300,000,000	–	100%	–	100%	100%	100%	Coal mining and sales, manufacturing and sales of mining equipment and machinery
Ijinholuo Banner Anyuan West Coal Co., Ltd. (note 1)	PRC	RMB187,351,450	–	100%	–	100%	100%	100%	Coal mining and sales

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2021 and 2020 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2021		2020		2021	2020	
			Directly	Indirectly	Directly	Indirectly			
Inner Mongolia Mengda Railway Co., Ltd. (note 1)	PRC	RMB201,000,000	–	67%	–	67%	67%	67%	Coal processing, sales and transportation
Inner Mongolia Mengtong Railway Co., Ltd. (note 1)	PRC	RMB100,000,000	–	51%	–	51%	51%	51%	Coal processing, sales and transportation
Qingdao Yanmei Dongqi Energy Co., Ltd (note 1)	PRC	RMB50,000,000	–	51%	–	51%	100%	100%	Coal and Related Products Wholesale
Trading Centre (note 1)	PRC	RMB100,000,000	51%	–	51%	–	51%	51%	Coal Mining and sales
Shandong Zhongyin International Trade Co., Ltd. (note 1)	PRC	RMB300,000,000	100%	–	100%	–	100%	100%	Coal and non-ferrous metal wholesale
Zhongyin Logistics (note 1)	PRC	RMB300,000,000	–	100%	–	100%	100%	100%	Trade Broker and Agent
Zhongyin Financial (note 1)	PRC	RMB7,060,000,000	90%	9%	90%	9%	99%	99%	Financial leasing
Shanghai Dongjiang Real Estate Development Co., Ltd. (note 1)	PRC	RMB8,000,000	–	100%	–	100%	100%	100%	Real estate development and operation, property management
Duanxin (note 1)	PRC	RMB3,310,000,000	100%	–	100%	–	100%	100%	Investment and assets management
Shandong Duanxin Supply Chain Management Co., Ltd (note 1)	PRC	RMB200,000,000	100%	–	100%	–	100%	100%	Logistics storage and leasing
Heze Duanxin Supply Chain Management Co., Ltd (note 1)	PRC	RMB10,000,000	–	100%	–	100%	100%	100%	Logistics storage and leasing
Dalateqi Duanxin Supply Chain Management Co., Ltd (note 1)	PRC	RMB5,000,000	–	100%	–	100%	100%	100%	Logistics storage and leasing
Ejin Horo Qi Duanxin Supply Chain Management Co., Ltd. (note 1)	PRC	RMB10,000,000	–	100%	–	100%	100%	100%	Logistics storage and leasing
Ruifeng (note 1)	PRC	RMB200,000,000	51%	–	51%	–	51%	51%	Trading
Yancoal Australia (note 2)	Australia	AUD6,482,144,000	62.26%	–	62.26%	–	62.26%	62.26%	Investment holding
Austar Coal Mine Pty, Limited ("Austar")	Australia	AUD64,000,000	–	62.26%	–	62.26%	100%	100%	Coal mining business in Australia
Gloucester	Australia	AUD719,720,808	–	62.26%	–	62.26%	100%	100%	Coal resource exploration development
Yancoal Australia Sales Pty Ltd	Australia	AUD100	–	62.26%	–	62.26%	100%	100%	Coal sales

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2021 and 2020 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2021		2020		2021	2020	
			Directly	Indirectly	Directly	Indirectly			
Yancoal SCN Ltd	Australia	AUD5	–	62.26%	–	62.26%	100%	100%	Issue subordinated capital note
Yancoal Mining Services Ltd	Australia	AUD100	–	62.26%	–	62.26%	100%	100%	Provide management services to the underground mines
Yancoal Resources Ltd	Australia	AUD446,409,065	–	62.26%	–	62.26%	100%	100%	Coal mining business in Australia
Westralian Prospectors NL	Australia	AUD93,001	–	62.26%	–	62.26%	100%	100%	No business in Australia
Eucla Mining NL	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Coal mining
CIM Duralie Pty Ltd	Australia	AUD665	–	62.26%	–	62.26%	100%	100%	No business in Australia
Duralie Coal Marketing Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	No business in Australia
Duralie Coal Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Coal mining
Gloucester (SPV) Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Holding company
Gloucester (Sub Holdings 1) Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Holding company
Gloucester (Sub Holdings 2) Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Holdings company
SASE Pty Limited	Australia	AUD9,650,564	–	56.03%	–	56.03%	90%	90%	No business in Australia, to be liquidated
Proserpina Coal Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
Yarrabee Coal Company Pty Ltd	Australia	AUD92,080	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
White Mining Limited	Australia	Ordinary shares AUD3,300,000 A Shares AUD200	–	62.26%	–	62.26%	100%	100%	Investment holding and management of operations
Moolarben Coal Operations Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Management of coal operations
Moolarben Coal Mines Pty Limited	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Coal business development
Felix NSW Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Investment holding
Moolarben Coal Sales Pty Ltd	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	Coal sales
CIM Mining Pty Ltd	Australia	AUD30,180,720	–	62.26%	–	62.26%	100%	100%	No business in Australia
Donaldson Coal Holdings Limited	Australia	AUD204,945,942	–	62.26%	–	62.26%	100%	100%	Holdings company
Monash Coal Holdings Pty Ltd	Australia	AUD100	–	62.26%	–	62.26%	100%	100%	Dormant
Athena Coal Operation Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Dormant

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2021 and 2020 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2021		2020		2021	2020	
			Directly	Indirectly	Directly	Indirectly			
Yancoal Moolarben	Australia	AUD300,000,000	–	62.26%	–	62.26%	100%	100%	Coal mining and coal mine management
Watagan Mining Company Pty Ltd	Australia	USD575,000,000	–	62.26%	–	62.26%	100%	100%	Coal mining and coal mine management
Athena Coal Sales Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Dormant
Paway Limited	British Virgin Islands	AUD1	–	62.26%	–	62.26%	100%	100%	Dormant
White Mining Services Pty Limited	Australia	AUD2	–	62.26%	–	62.26%	100%	100%	No business in Australia, to be liquidated
Ashton Coal Operations Pty Limited	Australia	AUD5	–	62.26%	–	62.26%	100%	100%	Management of operations
Ashton Coal mines Limited	Australia	AUD5	–	62.26%	–	62.26%	100%	100%	Coal sales
White Mining (NSW) Pty Limited	Australia	AUD10	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
CIM Stratford Pty Ltd	Australia	AUD21,558,606	–	62.26%	–	62.26%	100%	100%	Dormant
CIM Services Pty Ltd	Australia	AUD8,400,002	–	62.26%	–	62.26%	100%	100%	Dormant
Donaldson Coal Pty Ltd	Australia	AUD6,688,782	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
Donaldson Coal Finance Pty Ltd	Australia	AUD10	–	62.26%	–	62.26%	100%	100%	Investment company
Monash Coal Pty Ltd	Australia	AUD200	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
Stradford Coal Pty Ltd	Australia	AUD10	–	62.26%	–	62.26%	100%	100%	Coal mining
Stradford Coal Marketing Pty Ltd	Australia	AUD10	–	62.26%	–	62.26%	100%	100%	Coal sales
Abakk Pty Ltd	Australia	AUD6	–	62.26%	–	62.26%	100%	100%	Liquidated
Newcastle Coal Company Pty Ltd	Australia	AUD2,300,999	–	62.26%	–	62.26%	100%	100%	Coal mining and sales
Primecoal International Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	No business in Australia, to be liquidated
Coal & Allied Industries Limited ("C&A")	Australia	AUD3,724,000,000	–	62.26%	–	62.26%	100%	100%	Coal mining business
Australian Coal Resources Ltd	Australia	AUD5	–	62.26%	–	62.26%	100%	100%	Coal Mining Business
Kalamah Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Investment, holding company
RioTinto Coal (NSW) Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Employment, management company
Coal & Allied Operations Pty Ltd	Australia	AUD17,147,500	–	62.26%	–	62.26%	100%	100%	Coal mining, processing and sales

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2021 and 2020 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2021		2020		2021	2020	
			Directly	Indirectly	Directly	Indirectly			
CNA Investments (UK) Pty Ltd	Australia	AUD202,000	–	62.26%	–	62.26%	100%	100%	Investment Management
CNA Resources Holdings Pty Ltd	Australia	AUD405	–	62.26%	–	62.26%	100%	100%	Investment holding
HV Operations Pty Ltd	Australia	AUD1	–	62.26%	–	62.26%	100%	100%	Management company
Lower Hunter Land Holdings Pty Ltd	Australia	AUD6	–	62.26%	–	62.26%	100%	100%	Management, holding company
Oaklands Coal Pty Ltd	Australia	AUD5,005,000	–	62.26%	–	62.26%	100%	100%	Management company
Novacoal Australia Pty Ltd	Australia	AUD530,000	–	62.26%	–	62.26%	100%	100%	Management company
Yancoal International (Holding) Co., Ltd	Hong Kong	USD689,313,091	100%	–	100%	–	100%	100%	Investment holding
Yancoal International Resources Development Co., Limited	Hong Kong	USD600,000	–	100%	–	100%	100%	100%	Coal resource exploration development
Yancoal International Technology Development Co., Limited	Hong Kong	USD1,000,000	–	100%	–	100%	100%	100%	Coal mining technology development, transfer and consultation
Yancoal Luxembourg Resources Holding Co., Ltd	Luxembourg	USD500,000	–	100%	–	100%	100%	100%	Investment holding
Yancoal Canada Resources Holding Co., Ltd	Canada	USD290,000,000	–	100%	–	100%	100%	100%	Potash exploration
Athena Holdings P/L	Australia	AUD24,450,405	–	100%	–	100%	100%	100%	Holding company
Premier Coal Holdings Pty Ltd	Australia	AUD321,613,108	–	100%	–	100%	100%	100%	Holding company
Tonford Holdings Pty Ltd	Australia	AUD46,407,917	–	100%	–	100%	100%	100%	Holding company
Wilpeena Holdings Pty Ltd	Australia	AUD3,457,381	–	100%	–	100%	100%	100%	Holding company
Yancoal Energy Pty Ltd	Australia	AUD202,977,694	–	100%	–	100%	100%	100%	Holding company
Yancoal International Technology Development Pty Ltd	Australia	AUD75,407,506	–	100%	–	100%	100%	100%	Holding company
Athena Coal Mine Pty Ltd	Australia	AUD2	–	100%	–	100%	100%	100%	Coal exploration
Premier Coal Limited	Australia	AUD8,779,250	–	100%	–	100%	100%	100%	Coal mining and sales
Tonford Pty Ltd	Australia	AUD2	–	100%	–	100%	100%	100%	Coal exploration

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2021 and 2020 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2021		2020		2021	2020	
			Directly	Indirectly	Directly	Indirectly			
Syntech Holdings Pty Ltd	Australia	AUD223,470,552	–	100%	–	100%	100%	100%	Investment holding and management of coal operation
Syntech Holdings II Pty Ltd	Australia	AUD6,318,490	–	100%	–	100%	100%	100%	Investment holding
UCC Energy Pty Limited	Australia	AUD2	–	100%	–	100%	100%	100%	Ultra clean coal technology
Premier Char Pty Ltd	Australia	AUD1,000,000	–	100%	–	100%	100%	100%	Charcoal Product Development
Yancoal Technology Development Pty Ltd	Australia	AUD2	–	100%	–	100%	100%	100%	LTCC technology development and equipment rental
AMH (Chinchilla Coal) Pty Ltd	Australia	AUD2	–	100%	–	100%	100%	100%	Coal exploration
Syntech Resources Pty Ltd	Australia	AUD1,251,431	–	100%	–	100%	100%	100%	Coal mining and sales
Mountfield Properties Pty Ltd	Australia	AUD100	–	100%	–	100%	100%	100%	Investment holding
Donghua (note 1)	PRC	RMB1,277,888,000	100%	–	100%	–	100%	100%	Manufacturing of coal mining and excavating equipment
Yankuang Group Tangcun Industrial Co., Ltd (note 1)	PRC	RMB51,000,000	–	100%	–	100%	100%	100%	Manufacturing and repair of machinery and cable
Shandong Yankuang Group Changlong Cable Manufacturing Co., Ltd (note 1)	PRC	RMB20,000,000	–	95%	–	95%	95%	95%	Manufacturing and sale of cable, rubber products
Zhoucheng Chengyan Material Inspection and Testing Co., Ltd (note 1)	PRC	RMB300,000	–	100%	–	100%	100%	100%	Mining products supporting materials testing
Yankuang Group Yanzhou Sanfanggang Structural Engineering (note 1)	PRC	RMB8,000,000	–	62.50%	–	62.50%	62.50%	62.50%	Production and processing of steel engineering components
Yankuang Group Zoucheng Jinming Electrical Company Limited (note 1)	PRC	RMB50,000,000	–	100%	–	100%	100%	100%	Manufacturing, installation and repair of electrical equipments
Yankuang Group Zoucheng Dehailan Rubber Product Co., Ltd (note 1)	PRC	RMB860,000	–	41.86%	–	41.86%	41.86%	41.86%	Processing and sale of composite pipe and plastic profile products
Yanzhou Dongfang Electrical Co., Ltd (note 1)	PRC	RMB50,000,000	–	94.34%	–	94.34%	94.34%	94.34%	Manufacturing and installation of mining equipments

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2021 and 2020 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2021		2020		2021	2020	
			Directly	Indirectly	Directly	Indirectly			
Yankuang Group Jintong Rubber Co., Ltd (note 1)	PRC	RMB6,600,000	–	54.55%	–	54.55%	54.55%	54.55%	Manufacturing and sale of rubber products
Qingdao Duanxin Asset Management Company Limited (note 1)	PRC	RMB500,000,000	100%	-	100%	-	100%	100%	Equity investment fund management, Management of corporate asset, Foreign investment funds, Import and export service, International Trading, Export
Qingdao Dongfang Shenglong Industrial Co., Ltd. (note 1)	PRC	RMB30,000,000	–	100%	–	100%	100%	100%	Coal wholesale business, house leasing
Yancoal Property Service (note 1)	PRC	RMB12,000,000	–	35%	–	35%	35%	35%	Property management, Garden greening engineering, Sewage treatment and rental housing agency service
Duanxin Investment Holding (Shenzhen) Company Limited (note 1)	PRC	RMB1,100,000,000	–	100%	–	100%	100%	100%	Equity investment, the entrusted assets and investment management, corporate management and investment advisory
Zhongyin Finance Lease Company Limited (note 1)	PRC	RMB5,790,800,000	–	100%	–	100%	100%	100%	Investment Holding
Yankuang Finance	PRC	RMB4,000,000,000 (2020: RMB2,500,000,000)	95%	N/A	95%	N/A	95%	95%	Financial services
Inner Mongolia Mining (Group) Company Limited (note 1)	PRC	RMB6,997,306,122	51%	N/A	51%	N/A	51%	51%	Investment and management of mineral resources, sale of mineral products and import and export trade.
Ulanqab Hongda Industrial Co., Ltd. (note 1)	PRC	RMB550,000,000	–	51%	–	51%	51%	51%	Electricity power business
Ordos Fengwei Photoelectric Co., Ltd. (note 1)	PRC	RMB180,000,000	–	51%	–	51%	51%	51%	Solar power, Wind power and production management
Inner Mongolia Mining Resources Investment Holdings Co., Ltd. (note 1)	PRC	RMB400,000,000	–	51%	–	51%	51%	51%	Investment and asset management
Ordos Green Energy Optoelectronics Co., Ltd. (note 1)	PRC	RMB1,200,000,000	–	46.05%	–	46.05%	46.05%	46.05%	Light power and sale of electrical material

57. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2021 and 2020 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/ registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2021		2020		2021	2020	
			Directly	Indirectly	Directly	Indirectly			
Ordos Cultural Industry Park Cultural Education Co., Ltd. (note 1)	PRC	RMB209,034,000	–	32.28%	–	32.28%	32.28%	32.28%	Educational software development and event planning
Inner Mongolia Financial Holding Financial Leasing Co., Ltd. (note 1)	PRC	RMB1,200,000,000	–	28.05%	–	28.05%	28.05%	28.05%	Rental business
Shaanxi Future Energy Chemical Co., Ltd. (note 1)	PRC	RMB5,400,000,000	73.97%	-	73.97%	-	73.97%	73.97%	Research and Development of chemical product, coal mining, and electric power production and sale
Shaanxi Future Clean Oil and Chemical Sales Co., Ltd. (note 1)	PRC	RMB50,000,000	–	73.97%	–	73.97%	73,97%	73,97%	Sale of petroleum products, chemical products and coal
Shaanxi Future Clean Chemical Co., Ltd. (note 1)	PRC	RMB30,000,000	–	37.72%	–	37.72%	37.72%	37.72%	Sale of petroleum products, chemical products and coal
Yankuang Yulin Fine Chemical Co., Ltd. (note 1)	PRC	RMB46,200,000	100%	-	100%	-	100%	100%	Production and sales of Fischer-Tropsch synthesis catalysts
Yankuang Lunan Chemical Co., Ltd. (note 1)	PRC	RMB5,040,690,900	100%	-	100%	-	100%	100%	Production and sales of chemical products
Yankuang Jining Chemical Equipment Co., Ltd. (note 1)	PRC	RMB111,899,210	100%	-	100%	-	100%	100%	Production and sales of chemical products
Yankuang Coal Chemical Supply and Marketing Co., Ltd. (note 1)	PRC	RMB260,000,000	100%	-	100%	-	100%	100%	Sales of chemical products
Shandong Yankuang Jisan Electric Power Co., Ltd. (note 1)	PRC	RMB430,000,000	99%	-	99%	-	99%	99%	Thermal power generation

Unless otherwise specified, the capital of the above subsidiaries are registered capital (those established in the PRC) or ordinary shares (those established in other countries).

Note 1: The companies are established in the PRC as limited liability companies.

Note 2: The investment cost of RMB21,425,119,000 (2020: RMB21,425,119,000) in respect of investment in Yancoal Australia, a subsidiary dually listed on the Australia Stock Exchange and SEHK, was included in investment in subsidiaries. As at 31 December 2021, the market value of these shares was approximately RMB11,601,457,000 (AUD2,510,052,000) (2020: approximately RMB9,980,539,000 (AUD1,989,622,000).

57. INFORMATION OF THE COMPANY (Continued)

(b) The Company's equity is as follows:

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Future development fund reserve RMB'000	Statutory common fund RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000	Perpetual capital securities (note 43) RMB'000	Total RMB'000
As at 1 January 2020	4,912,016	2,967,947	32,553	780,222	5,855,024	(291)	39,273,442	10,311,611	64,132,524
Profit for the year	–	–	–	–	–	–	3,412,374	491,042	3,903,416
Other comprehensive expense – Fair value changes of financial assets at FVTOCI	–	–	–	–	–	28	–	–	28
Total comprehensive income (expense) for the year	–	–	–	–	–	28	3,412,374	491,042	3,903,444
Transactions with owners:									
Distribution paid to holders of perpetual capital securities	–	–	–	–	–	–	–	(584,986)	(584,986)
Share purchased	(52,016)	(232,583)	–	–	–	–	–	–	(284,599)
Redemption of perpetual capital securities	–	–	–	–	–	–	–	(5,000,000)	(5,000,000)
Recognition of equity-settled share based payment expenses (note 46)	–	–	31,898	–	–	–	–	–	31,898
Dividends	–	–	–	–	–	–	(2,818,800)	–	(2,818,800)
Total transactions with owners	(52,016)	(232,583)	31,898	–	–	–	(2,818,800)	(5,584,986)	(8,656,487)
Balance at 31 December 2020	4,860,000	2,735,364	64,451	780,222	5,855,024	(263)	39,867,016	5,217,667	59,379,481

57. INFORMATION OF THE COMPANY (Continued)

(b) The Company's equity is as follows: (Continued)

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Future development fund reserve RMB'000	Statutory common fund RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000	Perpetual capital securities (note 43) RMB'000	Total RMB'000
As at 1 January 2021	4,860,000	2,735,364	64,451	780,222	5,855,024	(263)	39,867,016	5,217,667	59,379,481
Profit for the year	–	–	–	–	–	–	4,711,060	178,664	4,889,724
Other comprehensive expense:									
– Fair value changes of financial assets at FVTOCI	–	–	–	–	–	(322)	–	–	(322)
Total comprehensive income (expense) for the year	–	–	–	–	–	(322)	4,711,060	178,664	4,889,402
Transactions with owners:									
Distribution paid to holders of perpetual capital securities	–	–	–	–	–	–	–	(262,501)	(262,501)
Issue of share upon exercise of share option (note 46)	14,184	145,624	(31,347)	–	–	–	–	–	128,461
Lapsed of share option	–	–	(7,291)	–	–	–	7,291	–	–
Appropriations to reserves	–	–	–	–	402,793	–	(402,793)	–	–
Redemption of perpetual capital securities	–	–	–	–	–	–	–	(5,000,000)	(5,000,000)
Issuance of perpetual capital securities	–	–	–	–	–	–	–	7,984,270	7,984,270
Dividends	–	–	–	–	–	–	(4,874,184)	–	(4,874,184)
Total transactions with owners	14,184	145,624	(38,638)	–	402,793	–	(5,269,686)	2,721,769	(2,023,954)
Balance at 31 December 2021	4,874,184	2,880,988	25,813	780,222	6,257,817	(585)	39,308,390	8,118,100	62,244,929

SUPPLEMENTAL INFORMATION

I. SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") AND THOSE UNDER THE PRC ACCOUNTING RULES AND REGULATIONS ("PRC GAAP")

The Group has also prepared a set of consolidated financial statements in accordance with relevant accounting principles and regulations applicable to PRC enterprises.

The consolidated financial statements prepared under IFRS and those prepared under PRC GAAP have the following major differences:

(1) Future development fund and work safety cost

(1a) Appropriation of future development fund is charged to profit before income taxes under PRC GAAP. Depreciation is not provided for plant and equipment acquired by utilising the future development fund under PRC GAAP but charged to expenses when acquired.

(1b) Appropriation of the work safety cost is charged to profit before taxes under PRC GAAP. Depreciation is not provided for plant and equipment acquired by utilising the provision of work safety cost under PRC GAAP but charged to expenses when acquired.

(2) Consolidation using acquisition method under IFRS and using common control method under PRC GAAP

(2a) Under IFRS, the acquisitions of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun, Donghua and Yankuang Finance have been accounted for using the acquisition method which accounts for their assets and liabilities at their fair value at the date of acquisition. Any excess of the purchase consideration over the fair value of the net assets acquired is capitalised as goodwill.

Under PRC GAAP, as the entities above are under the common control of the Parent Company, their assets and liabilities of are required to be included in the consolidated balance sheet of the Group at historical cost. The difference between the historical cost of their assets and liabilities acquired and the purchase price paid is recorded as an adjustment to shareholders' equity.

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

(4) Reversal of impairment loss on intangible assets in Yancoal Australia

(4a) Under IFRS, the reversal of impairment loss on mining reserves was recognised as income in consolidated statement of profit or loss.

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

SUPPLEMENTAL INFORMATION (continued)

I. SUMMARY OF DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PREPARED UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") AND THOSE UNDER THE PRC ACCOUNTING RULES AND REGULATIONS ("PRC GAAP") (continued)

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

(5a) Under IFRS, the perpetual capital security issued by the company was classified as equity instrument and separated from net assets attributable to equity holders of the Company.

Under PRC GAAP, the perpetual capital security issued by the Company was classified as owners' equity.

The following tables summarises the differences between consolidated financial statements prepared under IFRS and those under PRC GAAP:

	Net income attributable to the equity holders of the Company for the year ended 31 December		Net assets attributable to the equity holders of the Company as at 31 December	
	2021 RMB'000	2020 RMB'000	**2021 RMB'000**	2020 RMB'000
As per consolidated financial statements prepared under IFRS	**16,941,435**	6,318,000	**68,657,660**	57,894,751
Impact of IFRS adjustments in respect of:				
– Future development fund charged to income before income taxes	**(1,086,983)**	1,032,341	**–**	–
– Reversal of provision of work safety cost	**3,455**	9,811	**(35,066)**	(38,521)
– Fair value adjustment and amortisation	**10,000**	10,000	**(210,052)**	(220,052)
– Acquisition of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun	**–**	–	**(899,403)**	(899,403)
– Acquisition of Donghua	**2,042**	2,043	**(416,589)**	(418,631)
– Acquisition of Yankuang Finance	**–**	–	**(16,966)**	(16,966)
– Deferred tax	**66,852**	(266,609)	**378,710**	311,858
– Perpetual capital security	**–**	–	**8,118,100**	5,217,667
– Reversal of impairment loss attributable to Yancoal	**(1,784)**	662,603	**(89,440)**	(87,656)
– Acquisition of 厚朴項目	**323,891**	(657,054)	**(7,857,985)**	(8,181,876)
– Acquisition 東方盛隆 and 上海東江	**–**	10,501	**(90,426)**	(90,426)
– Others	**–**	–	**647,648**	647,648
As per consolidated financial statements prepared under PRC GAAP	**16,258,908**	7,121,636	**68,186,191**	54,118,393

Chapter 12
Documents Available for Inspection

Documents available for inspection	Financial statements with signatures and seals of Chairman, CFO and Director of Financial Department of the Company.
Documents available for inspection	The original copy of the audit report with seal of the accounting firm and signature and seal of the CPA.
Documents available for inspection	All original copies of documents and announcements disclosed at the websites as designated by China Securities Regulatory Commission during the reporting period.
Documents available for inspection	Annual report published at other security markets.

For further details
about information disclosure,
please visit the website of
Yankuang Energy Group Company Limited at