



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

2023

INTERIM REPORT



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

The 2023 Interim Report of the Company has been approved by the second meeting of the ninth session of the Board. The quorum of the meeting is 11, and 11 Directors attended the meeting. All Directors attended the meeting.

The financial statements contained in the 2023 Interim Report of the Company have not been audited.

The 2023 Interim Report of the Company has been reviewed by the audit committee of the Board.

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

The Company does not distribute profit in the first six months of 2023. There is no capital reserve transferred to share capital in the reporting period.

The forward-looking statements contained in the 2023 interim report regarding the Company's future plans do not constitute any substantive commitment to investors and investors are reminded of the investment risks.

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

There were no guarantees granted to external parties by the Company, which violated the prescribed decision-making procedures.

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

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

All data contained in this report are rounded off, and the increase and decrease percentages were calculated based on the original data before rounding off. For this reason, the total of a table may be different from the the actual total of the data shown in the table.



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

| | |
|--|---|
| “Yankuang Energy”, “Company” or “the Company” | Yankuang Energy Group Company Limited, a joint stock limited company incorporated under the laws of the PRC in 1997 and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively; |
| “Group” or “the Group” | The Company and its subsidiaries; |
| “Shandong Energy” or “the Controlling Shareholder” | Shandong Energy Group Co., Ltd., a company with limited liability reformed and established under the laws of the PRC in 1996, is the controlling shareholder of the Company, directly and indirectly holding 54.67% of the total share capital of the Company as at the end of the reporting period; |
| “Heze Neng Hua” | Yanzhou Coal Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2002 and a 98.33% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the development and operation of coal resources and electric power business in Juye coalfield Heze City, Shandong Province; |
| “Yulin Neng Hua” | 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, is mainly engaged in the production and operation of coal chemical projects; |
| “Shanxi Neng Hua” | Yanzhou Coal Shanxi Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2003 and a wholly-owned subsidiary of the Company, is mainly engaged in the management of projects invested in Shanxi Province by the Company; |
| “Ordos Company” | Yankuang Energy (Ordos) Company Limited, a company with limited liability incorporated under the laws of the PRC in 2009 and a wholly-owned subsidiary of the Company, is mainly engaged in the development and operation of coal resources and coal chemical projects of the Company; |
| “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, 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, 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; |

CHAPTER 1 DEFINITIONS – CONTINUED

| | |
|-----------------------------------|--|
| “Future Energy” | Shaanxi Future Energy Chemicals Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2011 and a 73.97% owned subsidiary of the Company as at the end of the reporting period, is mainly engaged in the R&D, production and sales of chemical products, coal mining and sales, etc.; |
| “Lunan Chemicals” | Yankuang Lunan Chemicals Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2007 and a wholly-owned subsidiary of the Company, 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, is mainly engaged in the design, manufacture, installation, repair and maintenance of mining equipment, electromechanical equipment and spare parts; |
| “Yankuang Financial Leasing” | Yankuang Financial Leasing Company Limited (the former “Zhongyin Financial Leasing Co., Ltd” renamed as “Yankuang Financial Leasing Co., Ltd” in March 2023), a company with limited liability incorporated under the laws of the PRC in 2014 and a wholly-owned subsidiary of the Company, 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 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 |
| “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 2 COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

I. INFORMATION OF THE COMPANY

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

** For identification purpose only*

II. CONTACT DETAILS

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

III. GENERAL INFORMATION

| | |
|--------------------|--|
| Registered Address | 949 Fushan South Road, Zoucheng City, Shandong Province, the PRC |
| Office Address | 949 Fushan South Road, Zoucheng City, Shandong Province, the PRC |
| Postal Code | 273500 |
| Official Website | http://www.ykenegy.com/ http://www.yanzhoucoal.com.cn/ |
| E-mail Address | yzc@yanzhoucoal.com.cn |

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

| | |
|---|--|
| Newspapers for information disclosure in the PRC: | China Securities Journal (https://www.cs.com.cn) Shanghai Securities News (https://www.cnstock.com) Securities Times (http://www.stcn.com) Securities Daily (http://www.zqrb.cn) |
| Website designated by the CSRC for publishing interim report: | Website for publishing A Shares interim report: http://www.sse.com.cn Website for publishing H Shares interim report: http://www.hkexnews.hk |
| The interim report is available at: | Secretary Office to the Board of Yankuang Energy Group Company Limited, 949 Fushan South Road, Zoucheng City, Shandong, the PRC. |

V. CORPORATE STOCKS

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

VI. OTHER INFORMATION

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

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(Prepared in accordance with IFRS)

(I) Operating Results

| | For the six months ended 30 June | | | For the |
|---|----------------------------------|-------------|---------------|-------------|
| | 2023 | 2022 | Changes as | year ended |
| | (RMB'000) | (RMB'000) | compared | 31 December |
| | (unaudited) | (unaudited) | with the | |
| | | | corresponding | |
| | | | period of the | 2022 |
| | | | previous year | (RMB'000) |
| | | | (%) | (audited) |
| Sales income | 65,400,607 | 75,275,358 | -13.12 | 154,601,505 |
| Gross profit | 23,260,121 | 36,108,340 | -35.58 | 73,786,658 |
| Financing cost | -1,646,990 | -2,341,181 | – | -5,983,260 |
| Earnings before income tax | 17,386,771 | 30,259,117 | -42.54 | 53,688,193 |
| Net income attributable to shareholders of the Company during the reporting period | 10,318,598 | 18,453,733 | -44.08 | 30,407,538 |
| Earnings per share | RMB2.08 | RMB3.78 | -44.98 | RMB6.15 |

Notes:

- ① During the reporting period, the Company has newly consolidated the financial statements of Shandong Energy Tower Shanghai Co., Ltd.
- ② As of 30 June 2023, a total of 12,656,840 shares were exercised and completed registration of transfer during the third option exercising period under the Company's 2018 A Share Incentive Scheme and the total share capital of the Company increased to 4,961,360,480 shares. The earnings per share and other indicators were calculated based on weighted average number of issued ordinary shares.

(II) Assets and Liabilities

| | As at 30 June | | As at |
|--|--------------------|-------------|-------------|
| | 2023 | 2022 | 31 December |
| | (RMB'000) | (RMB'000) | (RMB'000) |
| | (unaudited) | (unaudited) | (audited) |
| Current assets | 98,786,939 | 105,026,498 | 88,362,295 |
| Current liabilities | 99,219,684 | 89,539,746 | 83,699,400 |
| Total assets | 317,952,555 | 315,331,537 | 308,603,503 |
| Equity attributable to shareholders of the Company | 79,762,651 | 77,495,823 | 89,852,379 |
| Net assets value per share | RMB16.08 | RMB15.66 | RMB18.16 |
| Return on net assets (%) | 12.94 | 23.81 | 33.84 |

(III) Summary of Cash Flow Statement

| | For the six months ended 30 June | | | |
|--|----------------------------------|-------------|--|-------------------------------------|
| | 2023 | 2022 | Changes as compared with the corresponding period of the previous year (%) | For the year ended 31 December 2022 |
| | (RMB'000) | (RMB'000) | | (RMB'000) |
| | (unaudited) | (unaudited) | | (audited) |
| Net cash flow from operating activities | 5,095,644 | 25,112,369 | -79.71 | 61,873,689 |
| Net increase (decrease) in cash and cash equivalents | 7,683,258 | 9,772,476 | -21.38 | -2,396,330 |
| Net cash flow per share from operating activities | RMB1.03 | RMB5.14 | -79.99 | RMB12.50 |

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS

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

(I) Main Business, Main Products and Mode of Operation

1. *Coal business*

The Group's coal business is mainly distributed in Shandong Province, Shaanxi Province, Inner Mongolia Autonomous Region of China and Australia. Its main products include thermal coal, PCI coal and coking coal applicable to electric power, metallurgy and chemical industry, etc., which are mostly sold to East China, South China, North China, Central China, Northwest China and other regions of China, as well as Japan, South Korea, Thailand, Australia and other countries.

2. *Coal chemical business*

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

(II) Market Presence

The Group is one of the main coal producers, suppliers and traders in China and Australia, the largest coal producer in East China, China's 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 also owns China biggest individual coal liquefaction unit. Besides, it is the only enterprise in China masters both low-temperature FT synthesis and high-temperature FT synthesis technology.

(III) Industry Overview and Performance Drivers

For the first half of 2023, China coal industry has further promoted clean and efficient utilization of coal and safe and highly-efficient mining, steadily increased and secured supply for energy security. The rapid increase of quality production of coal and the increase of import loosened coal supply and coal price fluctuated obviously. Meanwhile, coal chemical industry accelerated its pace toward high-end, diversified and low-carbon development, with industrial chains extended and industry mix upgraded continuously. Downstream demand of coal chemical industry is weaker and the product prices were pressed downward, largely in response to the macro economy.

II. CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

First, the company comprehensive strength is strong. The Group's assets are distributed in Shandong, Shaanxi and Inner Mongolia, Australia and other countries and regions, and it has four domestic and foreign listing platforms, ranking 68th on 2023 Fortune China Top 500 Listed Companies List. The Group owns in-situ coal resources of 13.7 billion tons (JORC standard), ranking among the forefront of the industry.

Second, pillar industries accelerates transformation and upgrading. During the reporting period, the Group, in responding to the intricate economic environment, has implemented measures like lean management, inventory optimization, and incremental and leap-forward development, and accelerated the upgrading of industrial structure and the optimization of industrial planning. **Quality and efficient development of mining segment.** 5 coal mines have passed the reception and assessment as national first batch of intelligent demonstration mines. Yingpanhao coal mine has obtained safe production license, adding production capacity potentials as planned. The respective acquisition of 51% equity shares of Luxi Mining and Xinjiang Neng Hua was approved at the AGM, which will consolidate the Group's coal resources and sustainable development capability. **The high-end new chemical materials segment fastens extension of its industrial chains.** Lunan Chemicals' caprolactam energy saving and carbon reduction integrated project was completed construction, Yulin Neng Hua's 100,000 tons DMMn project has produced qualified products, and a cluster of amino and alcohol based new material industry has been established. **The development of new energy industry is gathering speed.** 100MW sharing energy storage project and integrated project of power grid, load and storage have been promoted as planned. And a three-tier industrial system composing of photovoltaic project, industry park associated project and large wind, solar power and power storage base has been under rapid construction. **Equipment manufacturing has been expanded and upgraded.** Luxi Intelligent Manufacturing Park has been under efficient construction, and the first production line was completed and put into production, gathering advantageous technology and resources. Intelligent logistics made breakthrough after reorganization. The equity shares of 4 railway projects including Mengda, Mengtong, Yitaihuzhun, Hailesihao have been restructured, and a logistic park integrating road, railway and river transportation of Tai'an port completed construction, thus primarily forming an integrated logistics system covering "production, marketing, storage, distribution and delivery".

Third, international development highlights competitive advantages. The Group owns a number of large-scale, high-quality and competitive mineral resources overseas, and has become one of the most internationalized energy enterprises in China. In Australia, it has 9.3 billion tons of coal resources (JORC standard), becoming the largest pure coal player in Australia. At the end of the reporting period, the Group's overseas assets accounted for 24% and overseas resources (JORC standard) accounted for 67.9%.

Fourth, technological R&D strength is strong. The Group's coal gasification and liquefaction technology was the first in China, and the major research project of the Ministry of Science and Technology, i.e. "4,000-ton coal gasification demonstration plant", took a leading role globally. The first 1Mt coal indirect liquefaction demonstration plant in China was completed. And the Group was the only enterprise in China that mastered the technology of high-temperature and low-temperature FT synthesis. Besides, it has developed and applied the world's first 8.2-meter super-high mechanized mining equipment, and built a 50,000kN hydraulic support test bed with the most complete functions and the largest loading capacity in the world. The Group has 2 national level and 14 provincial and ministerial level R&D platforms, Yankuang Energy Technology Center has been recognized as a national enterprise technology center.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

III. MANAGEMENT DISCUSSION AND ANALYSIS

Main Business

| Item | Six months ended 30 June 2023 | Six months ended 30 June 2022 | Increase/ Decrease | Increase/ Decrease (%) |
|--|-------------------------------------|-------------------------------------|-----------------------|---------------------------|
| 1. Coal Business (kiloton) | | | | |
| Saleable coal production volume | 49,232 | 50,638 | -1,406 | -2.78 |
| Saleable coal sales volume | 51,351 | 53,068 | -1,717 | -3.24 |
| 2. Coal Chemicals Business (kiloton) | | | | |
| Production volume of Chemical products | 3,726 | 3,133 | 593 | 18.93 |
| Sales volume of chemical products | 3,343 | 2,915 | 427 | 14.66 |
| 3. Power Generation Business (10,000KWh) | | | | |
| Electricity generated | 426,017 | 382,644 | 43,374 | 11.34 |
| Electricity sold | 353,872 | 322,604 | 31,268 | 9.69 |

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

Not applicable.

IV. MAIN BUSINESS DURING THE REPORTING PERIOD

(I) Business Operation by Segments

1. Coal Business

(1) Coal Production

During the first half of 2023, the Group produced 49.23 million tons of salable coal, representing a decrease of 1.41 million tons or 2.8% as compared with the corresponding period of last year.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The following table sets out the saleable coal production volume of the Group for the first half of 2023:

Unit: kiloton

| Item | For the six months ended 30 June 2023 | For the six months ended 30 June 2022 | Increase/ Decrease | Increase/ Decrease (%) |
|----------------------------------|---|---|-----------------------|---------------------------|
| 1. The Company | 11,862 | 13,239 | -1,377 | -10.40 |
| 2. Heze Neng Hua ^① | 1,302 | 984 | 318 | 32.29 |
| 3. Shanxi Neng Hua | 432 | 607 | -175 | -28.89 |
| 4. Future Energy | 9,186 | 8,532 | 654 | 7.67 |
| 5. Ordos Company | 5,696 | 6,060 | -364 | -6.01 |
| 6. Haosheng Company ^② | 2,338 | 1,156 | 1,182 | 102.20 |
| 7. Inner Mongolia Mining | 1,485 | 2,005 | -520 | -25.95 |
| 8. Yancoal Australia | 14,383 | 15,549 | -1,165 | -7.50 |
| 9. Yancoal International | 2,549 | 2,506 | 43 | 1.70 |
| Total | 49,232 | 50,638 | -1,406 | -2.78 |

Notes:

- ① The production of saleable coal produced by Heze Neng Hua increased year on year, mainly due to the improvement of working faces' conditions during the reporting period.
- ② The production of saleable coal produced by Haosheng Company for the reporting period increased as compared with the corresponding period of the previous year, and the increase was mainly attributed to the removal of the impact from the geological conditions.

(2) Coal prices and sales

The sales volume of coal for the first half of 2023 was 51.35 million tons, representing an decrease of 1.72 million tons or 3.2% as compared with the corresponding period of the previous year. Among which, the sales of self-produced coal was 43.92 million tons, representing 42.6% of 2023 sales plan of self-produced coal.

The sales income of coal business of the Group for the first half of 2023 was RMB51.466 billion, representing a decrease of RMB9.815 billion or 16.0% as compared with the same period of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The following table sets out the Group's production and sales of saleable coal by coal types for the first half of 2023:

| | For the six months ended 30 June 2023 | | | | For the six months ended 30 June 2022 | | | |
|---------------------------|---------------------------------------|---------------|-----------------|---------------|---------------------------------------|---------------|-----------------|---------------|
| | Production | Sales | Sales | Sales | Production | Sales | Sales | Sales |
| | volume | volume | price | income | volume | volume | price | income |
| | (kiloton) | (kiloton) | (RMB per ton) | (million RMB) | (kiloton) | (kiloton) | (RMB per ton) | (million RMB) |
| 1. The Company | 11,862 | 11,864 | 980.54 | 11,633 | 13,239 | 13,569 | 1,154.54 | 15,666 |
| No.1 clean coal | 241 | 249 | 1,506.94 | 376 | 424 | 453 | 1,752.21 | 793 |
| No.2 clean coal | 4,171 | 4,114 | 1,463.99 | 6,022 | 4,007 | 4,173 | 1,695.22 | 7,075 |
| No.3 clean coal | 1,121 | 1,224 | 1,218.06 | 1,491 | 1,442 | 2,733 | 1,403.85 | 3,836 |
| Sub-total of clean coal | 5,533 | 5,587 | 1,412.01 | 7,889 | 5,872 | 7,359 | 1,590.52 | 11,704 |
| Screened raw coal | 6,329 | 6,277 | 596.45 | 3,744 | 7,366 | 6,210 | 637.94 | 3,962 |
| 2. Heze Neng Hua | 1,302 | 1,117 | 1,516.57 | 1,694 | 984 | 823 | 1,996.26 | 1,643 |
| No.2 clean coal | 1,050 | 976 | 1,648.47 | 1,608 | 823 | 823 | 1,996.26 | 1,643 |
| Screened raw coal | 252 | 142 | 607.29 | 86 | 162 | - | - | - |
| 3. Shanxi Neng Hua | 432 | 412 | 616.73 | 254 | 607 | 605 | 580.72 | 351 |
| Screened raw coal | 432 | 412 | 616.73 | 254 | 607 | 605 | 580.72 | 351 |
| 4. Future Energy | 9,186 | 6,318 | 617.47 | 3,901 | 8,532 | 5,281 | 788.87 | 4,166 |
| No.3 clean coal | 1,070 | 1,025 | 826.23 | 847 | 1,155 | 1,159 | 868.27 | 1,006 |
| Lump coal | 1,925 | 1,684 | 830.72 | 1,399 | 2,026 | 1,949 | 866.09 | 1,688 |
| Screened raw coal | 6,191 | 3,609 | 458.67 | 1,655 | 5,352 | 2,174 | 677.32 | 1,472 |
| 5. Ordos Company | 5,696 | 3,469 | 431.86 | 1,498 | 6,060 | 5,521 | 593.04 | 3,274 |
| Screened raw coal | 5,696 | 3,469 | 431.86 | 1,498 | 6,060 | 5,521 | 593.04 | 3,274 |
| 6. Haosheng Company | 2,338 | 2,300 | 541.88 | 1,246 | 1,156 | 1,106 | 742.00 | 821 |
| Screened raw coal | 2,338 | 2,300 | 541.88 | 1,246 | 1,156 | 1,106 | 742.00 | 821 |
| 7. Inner Mongolia Mining | 1,485 | 1,545 | 500.39 | 773 | 2,005 | 1,772 | 636.46 | 1,128 |
| Screened raw coal | 1,485 | 1,545 | 500.39 | 773 | 2,005 | 1,772 | 636.46 | 1,128 |
| 8. Yancoal Australia | 14,383 | 14,375 | 1,242.16 | 17,855 | 15,549 | 15,653 | 1,394.30 | 21,825 |
| Semi-hard coking coal | 60 | 60 | 1,741.79 | 104 | 73 | 73 | 1,848.38 | 136 |
| Semi-soft coking coal | 1,204 | 1,204 | 1,896.73 | 2,283 | 1,291 | 1,300 | 1,747.60 | 2,272 |
| PCI coal | 1,111 | 1,110 | 1,852.51 | 2,057 | 991 | 997 | 2,006.25 | 2,001 |
| Thermal coal | 12,008 | 12,001 | 1,117.56 | 13,412 | 13,194 | 13,282 | 1,311.28 | 17,417 |
| 9. Yancoal International | 2,549 | 2,517 | 1,025.36 | 2,581 | 2,506 | 2,513 | 879.10 | 2,209 |
| Thermal coal | 2,549 | 2,517 | 1,025.36 | 2,581 | 2,506 | 2,513 | 879.10 | 2,209 |
| 10. Traded coal | - | 7,434 | 1,349.17 | 10,030 | - | 6,225 | 1,638.45 | 10,199 |
| Total of the Group | 49,232 | 51,351 | 1,002.25 | 51,466 | 50,638 | 53,068 | 1,154.78 | 61,282 |

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

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

| | Impact of Changes on the Sales Volume of Coal (RMB million) | Impact of Changes on the Sales Price of Coal (RMB million) |
|-----------------------|--|---|
| The Company | -1,969 | -2,064 |
| Heze Neng Hua | 587 | -536 |
| Shanxi Neng Hua | -112 | 15 |
| Future Energy | 818 | -1,083 |
| Ordos Company | -1,217 | -559 |
| Haosheng Company | 886 | -460 |
| Inner Mongolia Mining | -144 | -210 |
| Yancoal Australia | -1,782 | -2,187 |
| Yancoal International | 4 | 368 |
| Traded Coal | 1,982 | -2,151 |

The Group's coal products are mainly sold to China, Japan, South Korea, Thailand, Australia, etc.

The following table sets out the Group's coal sales by geographical regions for the first half of 2023:

| | For the six months ended 30 June 2023 | | For the six months ended 30 June 2022 | |
|------------------------|--|---------------------------------------|--|---------------------------------------|
| | Sales Volume (kiloton) | Sales Income (RMB million) | Sales Volume (kiloton) | Sales Income (RMB million) |
| 1. China | 40,159 | 37,090 | 37,894 | 42,370 |
| East China | 23,472 | 23,007 | 22,079 | 28,066 |
| South China | 3,634 | 2,814 | 1,022 | 943 |
| North China | 7,131 | 5,083 | 7,569 | 6,277 |
| Central China | 1,711 | 3,538 | 2,885 | 3,412 |
| Northwest China | 3,406 | 1,919 | 2,903 | 1,945 |
| Other regions | 805 | 728 | 1,437 | 1,728 |
| 2. Japan | 3,803 | 7,520 | 4,916 | 8,216 |
| 3. South Korea | 2,183 | 3,397 | 2,303 | 3,399 |
| 4. Thailand | 1,919 | 847 | 2,020 | 986 |
| 5. Australia | 1,803 | 1,034 | 1,791 | 793 |
| 6. Others | 1,485 | 1,578 | 4,144 | 5,517 |
| 7. Total for the Group | 51,351 | 51,466 | 53,068 | 61,282 |

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

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The following table sets out the Group's coal sales volume by industries for the first half of 2023:

| | For the six months ended 30 June 2023 | | For the six months ended 30 June 2022 | |
|------------------------|--|-------------------------------|--|-------------------------------|
| | Sales Volume (kiloton) | Sales Income (RMB million) | Sales Volume (kiloton) | Sales Income (RMB million) |
| 1. Electricity power | 27,752 | 23,694 | 23,870 | 24,535 |
| 2. Metallurgy | 5,130 | 8,995 | 4,014 | 7,438 |
| 3. Chemical | 7,925 | 6,826 | 8,534 | 10,269 |
| 4. Trade | 9,228 | 10,752 | 14,750 | 16,563 |
| 5. Others | 1,316 | 1,199 | 1,901 | 2,478 |
| 6. Total for the Group | 51,351 | 51,466 | 53,068 | 61,282 |

(3) The Cost of Coal Sales

The Group's cost of coal sales for the first half of 2023 was RMB27.043 billion, representing an increase of RMB1.616 billion or 6.4% on the corresponding period in 2022.

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

| | Unit | | For the | For the | Increase/ Decrease | Increase/ Decrease (%) |
|-----------------------|-----------------------|-------------|-------------------------------------|-------------------------------------|-----------------------|---------------------------|
| | | | six months ended 30 June 2023 | six months ended 30 June 2022 | | |
| The Company | Total cost of sales | RMB million | 4,996 | 5,339 | -344 | -6.44 |
| | Cost of sales per ton | RMB/ton | 395.27 | 371.33 | 23.94 | 6.45 |
| Heze Neng Hua | Total cost of sales | RMB million | 872 | 670 | 202 | 30.17 |
| | Cost of sales per ton | RMB/ton | 680.71 | 686.53 | -5.82 | -0.85 |
| Shanxi Neng Hua | Total cost of sales | RMB million | 212 | 232 | -20 | -8.64 |
| | Cost of sales per ton | RMB/ton | 514.71 | 383.50 | 131.22 | 34.22 |
| Future Energy | Total cost of sales | RMB million | 1,682 | 1,696 | -15 | -0.86 |
| | Cost of sales per ton | RMB/ton | 223.11 | 230.50 | -7.39 | -3.21 |
| Ordos Company | Total cost of sales | RMB million | 943 | 1,140 | -197 | -17.29 |
| | Cost of sales per ton | RMB/ton | 225.79 | 206.43 | 19.36 | 9.38 |
| Haosheng Company | Total cost of sales | RMB million | 986 | 774 | 212 | 27.36 |
| | Cost of sales per ton | RMB/ton | 428.58 | 699.55 | -270.97 | -38.74 |
| Inner Mongolia Mining | Total cost of sales | RMB million | 893 | 630 | 264 | 41.88 |
| | Cost of sales per ton | RMB/ton | 578.12 | 355.44 | 222.68 | 62.65 |
| Yancoal Australia | Total cost of sales | RMB million | 7,581 | 6,366 | 1,214 | 19.07 |
| | Cost of sales per ton | RMB/ton | 527.36 | 406.73 | 120.63 | 29.66 |
| Yancoal International | Total cost of sales | RMB million | 942 | 759 | 183 | 24.13 |
| | Cost of sales per ton | RMB/ton | 374.27 | 302.02 | 72.25 | 23.92 |
| Traded Coal | Total cost of sales | RMB million | 9,914 | 10,082 | -167 | -1.66 |
| | Cost of sales per ton | RMB/ton | 1,333.59 | 1,619.64 | -286.05 | -17.66 |

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

Note:

The changes of cost of coal sales per ton of Shanxi Neng Hua are mainly because that the sales volume of saleable coal decreased year on year, causing the sales cost per ton increased year on year.

The changes of cost of coal sales per ton of Haosheng Company are mainly because that the sales volume of saleable coal increased year on year, causing the sales cost per ton decreased year on year.

The changes of cost of coal sales per ton of Inner Mongolia Mining are mainly because that the sales volume of saleable coal decreased year on year, causing the sales cost per ton increased year on year.

The changes of cost of coal sales per ton of Yancoal Australia are mainly because that ① the sales volume of saleable coal decreased year on year, causing the sales cost per ton increased RMB43.06 year on year; ② the investment in mine water discharging and production restoration increased, causing the sales cost per ton of coal increased by RMB63.50.

2. Coal Chemicals Business

The following tables set out the Group's coal chemical business for the first half of 2023:

| | For the six months ended 30 June 2023 | | | | For the six months ended 30 June 2022 | | | |
|--------------------------------|---------------------------------------|---------------------|-------------------------|-----------------------|---------------------------------------|---------------------|-------------------------|-----------------------|
| | Production | Sales | Sales | Sales | Production | Sales | Sales | Sales |
| | volume (kiloton) | volume (kiloton) | income (RMB million) | cost (RMB million) | volume (kiloton) | volume (kiloton) | income (RMB million) | cost (RMB million) |
| 1. Lunan Chemicals | 1,266 | 948 | 5,029 | 4,832 | 1,005 | 786 | 5,682 | 4,263 |
| of which: acetic acid | 578 | 365 | 943 | 937 | 467 | 327 | 1,373 | 885 |
| acetic ether | 222 | 225 | 1,240 | 1,219 | 158 | 157 | 1,099 | 909 |
| caprolactam | 148 | 146 | 1,549 | 1,488 | 123 | 124 | 1,489 | 1,329 |
| POM | 37 | 36 | 382 | 261 | 37 | 36 | 663 | 335 |
| 2. Future Energy | 531 | 463 | 2,947 | 2,041 | 464 | 382 | 2,365 | 1,979 |
| Of which: diesel oil | 241 | 221 | 1,498 | 905 | - | - | - | - |
| naphtha | 117 | 115 | 764 | 569 | - | - | - | - |
| crude liquid wax | - | - | - | - | 224 | 173 | 1,170 | 605 |
| stabilized light hydrocarbons | - | - | - | - | 103 | 104 | 608 | 433 |
| 3. Yulin Neng Hua ^① | 751 | 722 | 1,352 | 1,648 | 541 | 551 | 1,122 | 1,165 |
| Of which: methanol | 732 | 709 | 1,297 | 1,573 | 541 | 551 | 1,122 | 1,165 |
| 4. Ordos Company | 1,170 | 1,202 | 2,467 | 2,225 | 1,117 | 1,191 | 2,790 | 2,476 |
| of which: methanol | 1,027 | 1,033 | 1,891 | 1,677 | 962 | 1,017 | 2,051 | 1,876 |
| ethylene glyco | 143 | 169 | 576 | 549 | 155 | 173 | 739 | 600 |
| 5. Fine Chemicals ^② | 8 | 8 | 18 | 7 | 5 | 5 | 14 | 7 |
| Total | 3,726 | 3,343 | 11,813 | 10,753 | 3,133 | 2,915 | 11,972 | 9,890 |

Note:

① The production, sales volume, sales income and sales cost of Yulin Neng Hua for the reporting period increased as compared with the corresponding period of the previous year, and the reason is that the coal chemical plant was shut down for system maintenance during the corresponding period of the previous year.

② Fine Chemicals refers to Yankuang Yulin Fine Chemicals Co., Ltd.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

3. Power Generation Business

The following tables set out the operation of the Group's power business for the first half of 2023:

| | For the six months ended 30 June 2023 | | | | For the six months ended 30 June 2022 | | | |
|--------------------------|---------------------------------------|----------------|---------------|---------------|---------------------------------------|----------------|---------------|---------------|
| | Power generation | Power sold | Sales income | Sales cost | Power generation | Power sold | Sales income | Sales cost |
| | (10,000KWh) | (10,000KWh) | (RMB million) | (RMB million) | (10,000KWh) | (10,000KWh) | (RMB million) | (RMB million) |
| 1. Jisan Power | 76,923 | 66,096 | 275 | 231 | 73,021 | 66,247 | 289 | 197 |
| 2. Heze Neng Hua | 78,568 | 68,715 | 265 | 218 | 79,058 | 69,571 | 286 | 224 |
| 3. Lunan Chemicals | 19,194 | 17,789 | 63 | 46 | 17,248 | 14,512 | 72 | 35 |
| 4. Yulin Neng Hua | 9,546 | 7,606 | 19 | 19 | 10,390 | 8,676 | 21 | 21 |
| 5. Future Energy | 55,931 | 20,617 | 59 | 76 | 44,351 | 16,599 | 41 | 62 |
| 6. Inner Mongolia Mining | 185,856 | 173,049 | 619 | 590 | 158,576 | 147,000 | 584 | 541 |
| Total | 426,017 | 353,872 | 1,299 | 1,180 | 382,644 | 322,604 | 1,293 | 1,079 |

Note:

- ① The sales cost of power business of Lunan Chemicals increased as compared with the corresponding period of the previous year, which was mainly because a new power generator was put into operation and the sales volume of power increased year on year.
- ② The sales income from power business of Future Energy increased as compared with the corresponding period of the previous year, which was mainly due to that the power plant was shut down for system maintenance during the corresponding period of the previous year.

(II) Analysis of Main Business

1. Analysis on changes of items in the financial statements

Unit: RMB million

| Items | For the six months ended 30 June 2023 (RMB million) | For the six months ended 30 June 2022 (RMB million) | Increase/Decrease (%) |
|--|---|---|-----------------------|
| Sales income | 65,401 | 75,275 | -13.12 |
| Sales cost | 39,771 | 37,260 | 7.02 |
| Sales, general and administration expenses | 6,084 | 7,080 | -14.07 |
| Income tax expenses | 4,490 | 7,614 | -41.03 |
| Net cash from operating activities | 5,096 | 25,112 | -79.71 |
| Net cash from investment activities | -5,466 | -2,473 | - |
| Net cash from financing activities | 8,054 | -12,867 | - |

Elaboration on changes in income tax expenses: The Group's taxable income decreased year on year.

Elaboration on changes in net cash from operating activities: The prices of main products of the Company decreased during the reporting period and net cash from operating activities decreased year on year.

Elaboration on changes in net cash from investment activities: The payment for purchasing property services, machines and equipment increased by RMB2.384 billion year-on-year.

Elaboration on changes in net cash from financing activities:

- ① The deposits received by Yankuang Finance Company increased by RMB11.803 billion year on year.
- ② The corporate bonds issued increased by RMB8.321 billion year on year.

2. Elaboration on significant changes in business scope, the profit structure or source of profit of the Company during the reporting period

(Data in this Chapter is prepared in according with CASs)

Not applicable.

3. Source and use of fund

For the first half of 2023, 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 fixed property, machinery and equipment, bank loans repayment, consideration payment for assets and equity acquisition, etc.

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

Not applicable.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(IV) Analysis on Assets and Liabilities

1. Assets and liabilities

Unit: RMB million

| Items | Closing amount as at 30 June 2023 | Percentage to the total assets as at 30 June 2023 (%) | Closing amount as at 31 December 2022 | Percentage to the total assets as at 31 December 2022 (%) | Percentage of increase/decrease in closing amount (%) | Notes |
|---|-----------------------------------|---|---------------------------------------|---|---|--|
| | | | | | | |
| Long-term receivables due within one year | 2,895 | 0.91 | 4,591 | 1.49 | -36.93 | Yankuang Finance Company recovered the loan of RMB2 billion |
| Other payable and accrued expenses | 42,307 | 13.32 | 21,693 | 7.03 | 95.03 | Dividends payable to shareholders increased by RMB21.341 billion as compared that of the beginning of the year |
| Borrowings due within one year | 23,569 | 7.42 | 15,350 | 4.97 | 53.54 | ①The Company recategorized the bonds of RMB6.05 billion due within 1 year into Borrowings; ②The Company launched the super short-term bonds of RMB 3 billion. |
| Tax payable | 2,715 | 0.85 | 10,072 | 3.26 | -73.04 | The Group's income tax payable decreased as compared with that of the beginning of the year. |

Other explanations

Not applicable.

2. Overseas asset

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

(1) Size of asset

As at 30 June 2023, the Group's overseas asset is RMB73,258 million, representing 24.0% over the total asset.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(2) Elaboration on the high proportion of overseas asset

Unit: RMB million

| Overseas asset | Reasons of ownership | Mode of operation | Operating revenue of the reporting period | Net profit of the reporting period |
|-----------------------|----------------------------|-------------------|---|------------------------------------|
| Yancoal Australia | incorporated by investment | self-operated | 18,643 | 4,628 |
| Yancoal International | incorporated by investment | self-operated | 2,595 | 915 |

Others

Not applicable.

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

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

As at 30 June 2023, the Group's asset subject to restriction was RMB104.456 billion, which mainly includes monetary funds, receivables financing and relevant assets pledged for borrowings. For details, please refer to the Note "Assets Subject to Restriction on Ownership or Right of Use to the Consolidated Financial Statements" prepared under CASs.

4. Other information

(1) Debt to equity ratio

As at 30 June 2023, the equity attributable to the shareholders of the Company and the borrowings amounted to RMB79.763 billion and RMB89.619 billion respectively, representing a debt-to-equity ratio of 112.4%.

(2) Contingent liabilities

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

(3) Pledge of assets

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

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(V) Analysis of Investment

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

1. Analysis on general external equity investment

Not applicable.

(1) Major equity investment

Unit: RMB100 million

| Invested company | Major businesses | Mainly engaged in | | The investment amount | Share holding | Whether consolidating Statement | | | Collaborator (if applicable) | Investment period (if applicable) | Progress as of the balance sheet date | Estimated earnings (if any) | Impact on the profit and loss during the reporting period | | Whether involved in litigation | Disclosure date (if any) | Disclosure index (if any) | | |
|---|---|---------------------|-------------------|-----------------------|---------------|---------------------------------|---------------------------------------|-------------------|------------------------------|-----------------------------------|--|-----------------------------|---|------------------------|--------------------------------|---|---|--|--|
| | | investment business | Investment method | | | Share holding statements | the financial account (if applicable) | Source of capital | | | | | loss during the reporting period | involved in litigation | | | | | |
| Shandong Energy Group Luxi Mining Co., Ltd. ("Luxi Mining") | Mainly involves in coal mining, coal preparation and sales, coal transportation and warehousing, mining equipment and parts manufacturing, and other upstream and downstream business of coal industry chain. | No | acquisition | 183.19 | 51% | Yes | Long-term equity investment | -self-owned funds | - | - | As approved at the 2022 AGM held on 30 June 2023, the Company acquired 51%equity interests of Luxi Mining. | - | - | No | 28 April 2023 | For details, please refer to 1. The announcement on resolution passed at the 29th session of the eighth session of the Board and the Announcement on connected transaction dated 28 April 2023; | 2. The announcement on connected transaction dated 26 May 2023; | 3. The updating on the connected transaction dated 15 June 2023; | 4. The announcement on the resolution passed at the 2022 AGM dated 30 June 2023; |

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

| Invested company | Major businesses | Mainly engaged in investment business | Investment method | The amount invested | Share holding | Whether the financial statements (if applicable) | consolidating account (if applicable) | Statement of capital | Source of Collaborator (if applicable) | Investment period (if applicable) | Progress as of the balance sheet date | Estimated earnings (if any) | Impact on the profit and loss during the reporting period | Whether involved in litigation | Disclosure date (if any) | Disclosure index (if any) |
|--|--|---------------------------------------|-------------------|---------------------|---------------|--|---------------------------------------|----------------------|--|-----------------------------------|--|-----------------------------|---|--------------------------------|--------------------------|--|
| Yankuang Xinjiang Neng Hua Co., Ltd. ("Xinjiang Neng Hua") | Mainly engaged in coal mining, coal preparation and sales, coal chemicals and other upstream and downstream business of coal industry chain. | No | Acquisition | 81.12 | 51% | Yes | Long-term equity investment | Self-owned funds | - | - | As approved at the 2022 AGM held on 30 June 2023, the Company purchased 51% equity interests of Xinjiang Neng Hua. | - | - | No | 28 April 2023 | All these data were posted on the websites of the SSE, HKEX, the Company's website and/or the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily in the PRC. For details, please refer to 1. The announcement on resolution passed at the 29th session of the eighth session of the Board and the Announcement on connected transaction dated 28 April 2023; 2. The announcement on connected transaction dated 26 May 2023; |

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

| Invested company | Major businesses | Mainly engaged in | | The investment amount invested | Whether the consolidating Statement | | | Source of capital | Collaborator (if applicable) | Investment period (if applicable) | Progress as of the balance sheet date | Estimated earnings (if any) | Impact on the profit and loss during the reporting period | | Whether involved in litigation | Disclosure date (if any) | Disclosure index (if any) |
|------------------|------------------|---------------------|-------------------|--------------------------------|-------------------------------------|---------------------------------------|----------------------------------|-------------------|------------------------------|-----------------------------------|---------------------------------------|-----------------------------|---|---|--------------------------------|--------------------------|--|
| | | investment business | Investment method | | Share holding statements | the financial account (if applicable) | loss during the reporting period | | | | | | Whether involved in litigation | | | | |
| Total | / | / | / | 264.31 | // | / | / | / | / | / | / | - | - | / | / | / | 3. The updating on the connected transaction dated 15 June 2023; 4. The announcement on the resolution passed at the 2022 AGM dated 30 June 2023; All these data were posted on the websites of the SSE, HKEX, the Company's website and/or the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily in the PRC. |

Note: The Company acquired 51% equity interests of Luxi Mining and Xinjiang Neng Hua respectively, please refer to the section headed Significant Connected/Related Transactions under Chapter 6 Significant Events herein this report for details.

(2) Major non-equity investment

Not applicable.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(3) Financial assets measured at fair value

Unit: RMB'000

| Assets categories | Amount at the beginning of the reporting period | Profit and loss due to changes in the fair value during the reporting period | Accumulated fair value changes included in equity | Impairment accrued during the reporting period | Purchase amount during the reporting period | Sales/redemption amount during the reporting period | Other changes | Amount at the end of the reporting period |
|------------------------|---|--|---|--|---|---|-----------------|---|
| Stocks | 866 | -201 | -57 | - | - | - | - | 608 |
| Trust product | 70,520 | - | - | - | - | - | - | 70,520 |
| Derivative instruments | 31,329 | - | - | - | - | - | - | 31,329 |
| Others | 1,689,875 | -18,671 | - | - | - | - | -301,930 | 1,369,274 |
| Total | 1,792,590 | -18,872 | -57 | - | - | - | -301,930 | 1,471,731 |

Stock investment

Unit: RMB'000

| Stock varieties | Stock code | Stock abbreviation | Initial investment amount | Source of capital | Book value as at the beginning of the reporting period | Profit and loss due to changes in the fair value during the reporting period | Accumulated fair value changes included in equity interest | Purchase amount during the reporting period | Sales amount during the reporting period | Investment profit and loss during the reporting period | Book value as at the end of the reporting period | Accounting accounts |
|-----------------|------------|--|---------------------------|--------------------|--|--|--|---|--|--|--|---|
| Stock | 601777 | Litan Technology | - | Debt restructuring | 425 | -201 | - | - | - | - | 224 | Tradable financial asset Other equity instrument |
| Stock | 601008 | Lianyungang | 89 | monetary fund | 441 | - | -57 | - | - | - | 384 | investment |
| Fund | 004968 | Hongtu Innovative Currency B | 5,000 | monetary fund | 1,012 | 9 | - | - | - | - | 1,021 | Tradable financial asset |
| Trust product | - | Jianxin Trust Caidie No.6 Wealth Trust Management Plan | 43,731 | Debt restructuring | 70,520 | - | - | - | - | - | 70,520 | Other equity instrument investment |
| Total | / | / | 48,820 | / | 72,398 | -192 | -57 | - | - | - | 72,149 | / |

Elaboration on securities investment:

Not applicable.

Elaboration on private capital investment:

Not applicable.

Elaboration on derivatives investment:

Not applicable.

(VI) Disposal of Material Assets and Equity

Not applicable.

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

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

1. Major controlled companies

For the first half of 2023, the controlled companies having relative significant impacts on the net profit attributable to the shareholders of the listed company are as follows.

Unit: RMB million

| Name of company | Registered capital | As at 30 June 2023 | | Net profit for the first half of 2023 |
|-------------------|--------------------|--------------------|------------|---------------------------------------|
| | | Total assets | Net assets | |
| Future Energy | 5,400 | 30,253 | 22,527 | 2,923 |
| Yancoal Australia | AUD6,027million | 52,294 | 38,847 | 4,628 |

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

The major controlled subsidiaries subject to significant changes of operating results in the first half of 2023 are as follows.

Lunan Chemicals

In the first half of 2023, Lunan Chemicals realized net profit of RMB25 million, decreased by RMB1,173 million or 97.9%, which was mainly due to the sale price of coal chemical products fell year on year.

Ordos Company

In the first half of 2023, Ordos Company realized net profit of RMB760 million, decreased by RMB978 million or 56.3% year on year, which was mainly because that the sale price of coal and coal chemical products fell year on year.

Yancoal Australia

In the first half of 2023, Yancoal Australia realized net profit of RMB4,628 million, decreased by RMB3,405 million or 42.4%, which was mainly because that the sale price of coal products fell year on year.

2. Major joint stock companies

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

3. The operation of Yankuang Finance Company

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

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

Unit: RMB million

| | The closing amount of the reporting period | The opening amount of the reporting period | Increase/ decrease (%) |
|--------------|---|---|---------------------------|
| Bank deposit | 34,172 | 25,639 | 33.28 |
| Bank loan | 13,857 | 10,969 | 26.33 |

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(2) The main operating indicators of Yankuang Finance Company

Unit: RMB million

| | The amount of the reporting period | The amount of the same period of the previous year | Increase/ decrease (%) |
|-------------------|---|---|---------------------------|
| Operating revenue | 428 | 486 | -11.93 |
| Net profit | 125 | 203 | -38.42 |

| | The closing amount of the reporting period | The opening amount of the reporting period | Increase/ decrease (%) |
|-------------|---|---|---------------------------|
| Net asset | 6,286 | 6,162 | 2.01 |
| Total asset | 40,497 | 31,858 | 27.12 |

(VIII) Entities Controlled by the Company

Not applicable.

V. DISCLOSURE ON OTHER EVENTS

(All financial data herein this section was prepared under CASs)

(I) Possible Risks

Risks arising from safety management

The Group's two business segments of 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, optimize monitor and control process including the reporting, treatment, after-treatment approval of major potential safety hazards, and make all efforts to prevent and manage potential hazards of coal industry and coal chemical industry.

Risks arising from environmental protection

With China's environmental policy getting much stricter and the whole society increasingly valuing environmental protection, the Group is facing more stringent environmental restrictions. China has made commitment to the world to achieve "carbon peaking and carbon neutrality", which significantly impact 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 and revamping of infrastructure and improve the operation and management of infrastructure, so as to ensure pollutants discharged all meet the required standards. The Group will also implement strategic transformation, actively promote the transformation of traditional industries, boost the development of emerging 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 Group's business, such as overseas investment, overseas financing, international trade and etc., are subject to the fluctuation of foreign exchange rates, which in turn bring uncertainties to the operation results and strategic development of the Group.

Counter measures: The Group strengthens the study and analysis on the trend of foreign exchange, and take advantage of comprehensive financial 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, and flexibly use foreign exchange derivative instruments, sign forward foreign exchange contracts and lock exchange rate.

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 changes in regions where the Group runs its business, timely identify and foresee the geopolitical risks for its overseas businesses, and formulate counter measures. 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.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(II) Other Disclosure

1. Capital expenditure plan

The capital expenditure for the first half of 2023 and the capital expenditure plan of 2023 of the Group (grouped by entity) are set out in the following table:

Unit: RMB100 million

| | For the first half of 2023 | For the year 2023 (planned) |
|---------------------------|-------------------------------|--------------------------------|
| The Company | 5.12 | 41.74 |
| Huaju Energy | 0.13 | 3.28 |
| Railway Logistics Company | 3.02 | 5.16 |
| Donghua Heavy Industry | 0.004 | 1.36 |
| Heze Neng Hua | 1.60 | 8.77 |
| Lunan Chemicals | 5.38 | 11.96 |
| Future Energy | 0.52 | 8.52 |
| Yulin Neng Hua | 0.07 | 1.79 |
| Ordos Company | 1.37 | 8.56 |
| Haosheng Company | 0.39 | 2.82 |
| Inner Mongolia Mining | 0.21 | 3.64 |
| Yancoal Australia | 11.23 | 35.77 |
| Yancoal International | 1.50 | 12.80 |
| Other subsidiaries | 0.21 | 3.80 |
| Total | 30.75 | 149.96 |

The capital expenditure for the first half of 2023 and the capital expenditure plan of 2023 of the Group (grouped by the usage of fund) are set out in the following table:

Unit: RMB100 million

| | For the first half of 2023 | For the year 2023 (planned) |
|--|-------------------------------|--------------------------------|
| Infrastructure Project | 12.90 | 55.39 |
| Coal mine infrastructure | 2.30 | 14.53 |
| Infrastructure for chemical projects | 6.85 | 16.58 |
| Infrastructure for logistics and warehouse | 3.20 | 17.51 |
| Other infrastructures | 0.55 | 6.77 |
| Maintenance of simple reproduction | 14.33 | 76.80 |
| Safety production plan expenditure | 1.06 | 12.70 |
| Technology R&D plan | – | 1.77 |
| Technology revamp plan | 2.46 | 3.29 |
| Total | 30.75 | 149.96 |

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

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

For the first half of 2023, the Group's coal exploration expenditure was RMB5.9 million, mainly including mining optimization expenditure for Moolarben coal mine and Premier coal mine of Yancoal Australia; and the relevant capital expenditure for coal development and mining was RMB1,763.00 million, mainly including the fixed capital expenditure on the existing coal mines as well as the coal development and mining costs generated from Wanfu Coal Mine, coal mines affiliated to Yancoal Australia and Yancoal International.

3. *Operation strategy of the second half of 2023*

In the second half of this year, Yankuang Energy is determined to keep abreast of industrial trends, monitor market changes, and refine our industrial structure and regional layout. Our ultimate goal is to enhance operational efficiency and steer the Company towards robust and efficient growth.

- Optimizing production for incremental gains.** We will orchestrate an in-depth fusion of operations across regions and industries to maximize synergy. By focusing on both increasing production volume and refining quality, we will unlock the full potential for revenues and efficiency growth. **In mining**, we will push procedures and execute key projects for Shaanxi-and-Inner-Mongolia mines to tap advantageous production capacities. We will effectively increase production and efficiency of Australian coal mines. We will also endeavor to see the coal seam in the process of stripping in Wucaiwan No. 4 open-pit mine in Xinjiang. **In the chemical sector**, we will adopt a flexible approach to production, fine-tune product mix, release production capacity towards marketable, high value-added products, with the aim to achieve a 10% year-on-year growth in chemical products output and the 20% increase for the proportion of high-end chemical products.
- Deepening lean management for greater benefits.** We are committed to further advancing our "Six Excellence & Six Improvement" integrated management strategy. Through the "Two Increases & Three Decreases & Four Upgrades" initiative, we intend to raise lean management to a higher level. **Cost reduction remains a core focus.** Rigorous budget control and in-depth cost benchmarking analysis are geared towards decreasing coal sale cost per ton by over 5%. We will strive to lower financial expenses by over RMB1.5 billion through deleveraging and cutting debts. **We will accelerate the optimization of existing assets.** That means cutting inventory, putting aged and idle assets to good account, disposing of inefficient and non-performing assets and making RMB1.5 billion of assets reused throughout the year. **Lean supply management shall be enhanced.** We will reduce procurement costs, intensify collective purchasing, shorten the supply cycle, and aim for a 65% share of social resources reserves and a reduction of over RMB180 million in comprehensive procurement costs.

3. **Tapping market potential for marketing effectiveness.** Our methodology entails an acute analysis of market trends and the flexible implementation of sales strategies. **Optimize market layout.** Based on the analysis for trade flows, goods categories and customer structures, we intend to tap into high-value, high-demand regional markets with sound logistics conditions, such as the Northeast, Southwest, and East Ningxia, to maximize our economic gains. Optimize product mix. We will adhere to “Clean Coal + Customized Plans” strategy, increase the added value of coal products and ensure that the proportion of clean coal products within Shandong is always above 50%. We will expand the scale of online transactions, expand the scope of product customization in a regular, quantitative and fixed-variety manner, and meet the differentiated needs of customers.
4. **Optimize resource allocation to enhance asset returns.** We will uphold the principles of improving existing resources while making significant strides in increments, and continually raise industrial concentration and resource allocation efficiency. **Improve the management of newly-acquired assets.** Our aim is to ensure the efficient and law-based completion of equity transfers for both Luxi Mining and Xinjiang Neng Hua. We will guide the convergence of advantageous resources like capital, technology, and talent towards newly-acquired companies. We will refine our standardized operational model, which is centered around property rights, and establish an internal-control system that oversees the entire process. This will help us build new industrial hubs and drivers for profitability. **Upgrade traditional industries.** The rapid development of the Luxi Intelligent Manufacturing Industrial Park will be a priority, ensuring the prompt establishment and up-to-target productivity of joint ventures. **Optimize the logistics industry.** This involves comprehensive consolidation of assets in the logistics sector. We will expedite the construction of key projects like the railway construction in Shaanxi and Inner Mongolia regions and the Phase-2 expansion of the Tai’an Logistics Park. We will collaborate with industry leaders through joint ventures, create a technology-driven logistics platform that encompasses production, sales, storage, distribution, and delivery. This integrated approach will facilitate the extension of our industrial footprint and enhance collaborative efficiency.
5. **Gather momentum for quality growth.** Our commitment to tradition and innovation underscores efforts to enhance intrinsic value, core competitiveness, value creation capabilities, and sustainable development. **Enhance sci-tech R&D ability.** This involves deepening collaboration between industries, academia, and research institutions, leveraging entities like the Intelligent Mining Experimental Center and the National Engineering Research Center for Large-Scale Coal Gasification and Coal-Based New Materials. Furthermore, we focus on elevating R&D capabilities, targeting over 10% year-on-year growth in R&D expenditures and patent applications. **Strengthen capital operation ability.** We will adhere to the “two-wheel drive” of industrial operation and capital operation, try to obtain a number of important resources, design a number of key projects, and promote the leapfrog growth of leading industries. **Improve the ability to create value.** We will implement value management measures such as key business improvement, standardized governance, efficient communication and generous dividends, implement the ESG development concept and unswervingly create value for stakeholders such as shareholders, customers and employees.

4. *The impact of exchange rate changes*

The exchange rate changes mainly impact:

- (1) The overseas coal sales income, as the overseas coal sales of the Group are denominated in USD and AUD, respectively;
- (2) The exchange gains and losses of the foreign currency deposits and borrowings;
- (3) The cost of imported equipment and accessories of the Group.

Affected by the changes in foreign exchange rates, the Group had book exchange gain of RMB178 million during the reporting period.

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

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

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

5. *Taxation*

For the first half of 2023, except that some subsidiaries incorporated in PRC enjoyed favorable income tax rate of 15% on their taxable profits, the Company and the remaining subsidiaries incorporated in the PRC were subject to an income tax rate of 25% on their taxable profits. Yancoal Australia was subject to a tax rate of 30% on its taxable profits, and Yancoal International was subject to a tax rate of 16.5% on its taxable profits from Australian asset.

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

CHAPTER 4 COMPANY GOVERNANCE

I. INFORMATION ON GENERAL MEETINGS OF SHAREHOLDERS

| Session of meeting | Date of meeting | Query index of the designated websites for publishing resolutions | Date of disclosure of resolutions | Resolutions |
|---|-----------------|--|-----------------------------------|------------------------|
| The 2022 Annual General Meeting of Shareholders | 30 June 2023 | The website of Shanghai Stock Exchange (http://www.sse.com.cn) | 30 June 2023 | All proposals approved |
| The 2023 First Class Meeting of the Holders of A Shares | 30 June 2023 | The website of Hong Kong Stock Exchange | 30 June 2023 | All proposals approved |
| The 2023 First Class Meeting of the Holders of H Shares | 30 June 2023 | (http://www.hkexnews.hk) The Company's website (http://www.ykenegy.com) (http://www.yanzhoucoal.com.cn) | 30 June 2023 | All proposals approved |

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

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

Not Applicable.

The Explanation on Shareholders General Meeting

Not Applicable.

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

| Name | Title | Changes |
|-----------------------|----------------------|-----------|
| Liu Qiang | Director | Elected |
| Zhang Haijun | Director | Elected |
| Su Li | Staff Director | Elected |
| Peng Suping | Independent Director | Elected |
| Woo Kar Tung, Raymond | Independent Director | Elected |
| Zhu Rui | Independent Director | Elected |
| Jin Jiahao | Staff Supervisor | Elected |
| Li Hongguo | Vice General Manager | Appointed |
| Zhu Qingrui | Director | Resigned |
| Zhao Qingchun | Director | Resigned |
| Tian Hui | Independent Director | Resigned |
| Cai Chang | Independent Director | Resigned |
| Poon Chiu Kwok | Independent Director | Resigned |
| Qin Yanpo | Supervisor | Resigned |
| Su Li | Staff Supervisor | Resigned |
| Deng Hui | Staff Supervisor | Resigned |

Elaboration on changes on Directors, Supervisors and the Senior Management

1. *Changes of Board member*

As reviewed and approved at the first meeting of the ninth session of the Board convened on 30 June 2023, Mr. Li Wei was appointed as the Chairman of the ninth session of the Board.

As reviewed and approved at the 2022 Annual General Meeting of Shareholders convened on 30 June 2023, Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun, Mr. Huang Xiaolong, Mr. Peng Suping, Mr. Zhu Limin, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui were appointed as the non-staff Directors of the ninth session of the Board with the term of office starting from the end of the 2022 annual general meeting and ending on the end of the general meeting for electing the directors of the tenth board of directors of the Company.

After the election of the fourth meeting of the Company's third employee representative meeting held on 19 April 2023, Mr. Su Li was elected as the employee representative director of the Company's ninth Board of Directors, which would be effective on the date of conclusion of the 2022 Annual General Meeting. His term of office was consistent with that of the Company's ninth Board of Directors.

Due to the expiration of the term of the eighth session of the Board of Directors, Mr. Zhu Qingrui, Mr. Zhao Qingchun, Mr. Tian Hui, Mr. Cai Chang and Mr. Poon Chiu Kwok no longer serve as directors of the Company from the date of the conclusion of the 2022 Annual General Meeting.

2. *Changes of members of Supervisory Committee*

As reviewed and approved at the Company's 2022 annual general meeting held on 30 June 2023, Mr. Li Shipeng and Mr. Zhu Hao were elected as non-employee representative supervisors of the Company's ninth board of supervisors with the term of office starting from the closing date of the 2022 annual general meeting and ending at the closing date of the general meeting for electing non-employee representative supervisors of the Company's tenth Board of supervisors.

As reviewed and approved at the first meeting of the Company's ninth board of supervisors held on 30 June 2023, Mr. Li Shipeng was elected as the chairman of the Company's ninth board of supervisors.

After the election of the fourth session of the Company's third employee representative meeting held on 19 April 2023, Mr. Jin Jiahao was elected as the employee representative supervisor of the Company's ninth board of supervisors, which would be effective on the date of conclusion of the 2022 Annual General Meeting. His term of office was consistent with that of the Company's ninth board of supervisors.

Due to the expiration of the term of the eighth session of Supervisory Committee, Mr. Qin Yanpo, Mr. Su Li and Mr. Deng Hui no longer serve as supervisors of the Company.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

(II) Changes on Positions in Subsidiaries of the Company

(Prepared in accordance with the Hong Kong Listing Rules)

| Title in the Company | Name | Title before change | Title after change | Date of Changes |
|---|----------------|--|-------------------------------|-----------------|
| Chief Financial Officer | Zhao Qingchun | Director of Yancoal Australia | – | 31 May 2023 |
| Director, Secretary of the Board of Directors | Huang Xiaolong | – | Director of Yancoal Australia | 31 May 2023 |
| Vice General Manager | Wang JiuHong | General Manager of Yankuang Energy (Ordos) Co., Ltd. | – | 6 May 2023 |

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

Proposed Profit Distribution Scheme or Capital Reserve Transferred to Share Capital Scheme for the First Half of 2023

Whether distributed or transferred

No

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

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

Not applicable.

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

General Information on Share Incentive

2018 A-Share Stock Option Incentive Scheme

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 RMB2.21. (For details, please refer to the “Announcement on Granting Stock Options to Incentive participants of the 2018 A-Share Stock Option Incentive Scheme” dated 12 February 2019) |

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

As considered and approved at the eighth meeting of the eighth session of the Board dated 13 January 2021, the Company confirms that the conditions for the first exercise period are mature, and the exercise period is from 18 February 2021 to 11 February 2022. As of 19 May 2021, a total of 14,184,060 shares exercised by 469 incentive participants.

As considered and approved at the twentieth meeting of the eighth session of the Board dated 27 January 2022, the Company confirms that the conditions for the second exercise period are mature, and the exercise period is from 14 February 2022 to 10 February 2023. As of 29 April 2022, a total of 12,779,580 shares exercised by 435 incentive participants.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

As considered and approved at the twenty-eighth meeting of the eighth session of the Board dated 24 April 2023, the Company confirms that the conditions for the third exercise period are mature, and the exercise period is from 13 February 2023 to 8 February 2024. As of 25 May 2023, 419 incentive participants exercised 12,656,840 shares in total. As of the closing of the Report, details of option exercise are as follows:

Unit: 10,000 shares

| No. | Name | Title | Options granted | Options exercised during the third exercising period | Closing price on the trading day before the date of exercising (RMB) | Options not exercised as at 30 June 2023 |
|-----|---------------|--|-----------------|--|--|--|
| 1 | Xiao Yaomeng | Party Secretary Director, General Manager | 15 | 5.10 | 34.60 | 0 |
| 2 | Zhao Qingchun | Chief Financial Officer | 26 | 8.84 | 34.60 | 0 |
| 3 | Tian Zhaohua | Vice General Manager | 15 | 5.10 | 34.60 | 0 |
| 4 | Ma Junpeng | Chief Engineer | 15 | 5.10 | 34.60 | 0 |
| 5 | Kang Dan | Chief Safe Production Officer | 12 | 4.08 | 34.60 | 0 |
| 6 | Wang JiuHong | Vice General Manager | 12 | 4.08 | 34.60 | 0 |
| | Others (413) | | 3,629.9995 | 1,232.3840 | – | 0 |
| | Total (419) | | 3,724.9995 | 1,265.6840 | – | 0 |

Summary of the Share Option Scheme

(i) The Grant of the Share Option Scheme

1. The purpose of the Share Option Scheme

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

2. The scope of participants of the Share Option Scheme

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

3. The number of underlying shares

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

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

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

5. The vesting period

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

6. The date of exercise

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

- (1) Within thirty (30) days before the announcement of periodic report, or from thirty (30) days before the scheduled date of announcement of periodic report to the day before actual date of periodic report in case of postponed announcement due to certain reasons;
- (2) Within ten (10) days before the announcement of the Company's results forecast and performance news;
- (3) A period commencing from the date of significant events occurred or proposed for review and approval, which may have severe impacts on the trading price of the shares and its derivatives of the Company, till two (2) trading days after the announcement disclosed in pursuant to relevant laws;
- (4) Any other period as stipulated by CSRC and Shanghai Stock Exchange.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

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

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

7. The Exercise Price

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

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

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

- (1) the average trading price of the A Shares quoted on the trading day immediately preceding the date of announcement of the Share Option Scheme, being RMB8.92 per A Share;
- (2) the average trading price of the A Shares for the 20 trading days immediately preceding the date of announcement of the Share Option Scheme, being RMB9.58 per A Share;
- (3) the closing price of the A Shares on the trading day immediately preceding the date of announcement of the Share Option Scheme, being RMB8.75 per A Share; and
- (4) the average closing price of the A Shares for the 30 trading days immediately preceding the date of announcement of the Share Option Scheme, being RMB9.64 per A Share.

9. The validity period

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

(II) *Historical adjustment to the Share Option Scheme*

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

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

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

As reviewed and approved at the twenty-eighth meeting of the eighth session of the Board convened on 24 April 2023, the Company cancelled 358,360 share options granted but not exercised, which were granted to 12 people due to reasons such as resignation, personal performance, etc., the total number of share options is adjusted from 13,015,200 to 12,656,840. Since the Company made dividend distribution during the vesting period, the Board of the Company adjusted the exercising price under the Share Option Scheme to RMB4.52 per share.

(III) Use of Proceeds

The total proceeds from the exercise of the options amounted to RMB247.1959 million, which would be used to supplement the Company's operation capital.

2021 A-share Restricted Stocks Incentive Scheme

Incentive method: restricted shares

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 shares on the grant date and the grant price as the share-based payment cost per restricted share, and will finally confirm the share-based payment cost of this incentive scheme. |
| Parameter | Closing price and grant price of the shares on the grant date |
| Calculation results | The fair value of each share option is RMB12.80. |

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

As approved at the 2022 first extraordinary general meeting of shareholders, the 2022 first class meeting of shareholders of A shares, the 2022 first class meeting of shareholders of H shares and the twentieth meeting of the eighth session of the Board on 27 January 2022, the Company grants restricted shares to incentive participants under the 2021 A-Share Restricted Share Incentive Scheme (“Restricted Stock Incentive Scheme”). As of 30 June 2023, the grant of restricted shares is as follows:

Unit: 10,000 shares

| Name | Title | Number of restricted shares held at the beginning of the year | Number of Newly Granted Shares | Grant price of restricted share (RMB/share) | Shares unlocked | Share locked | Number | Market |
|---------------------------------|-----------------------------|---|--------------------------------|---|-----------------|--------------|---|--|
| | | | | | | | of the restricted shares at the end of the reporting period | price at the end of the reporting period (RMB/share) |
| Xiao Yaomeng | Director, Senior Management | 20 | 0 | 11.72 | 0 | 20 | 20 | 29.92 |
| Zhao Qingchun | Senior Management | 16 | 0 | 11.72 | 0 | 16 | 16 | 29.92 |
| Zhang Chuanchang | Senior Management | 16 | 0 | 11.72 | 0 | 16 | 16 | 29.92 |
| Tian Zhaohua | Senior Management | 16 | 0 | 11.72 | 0 | 16 | 16 | 29.92 |
| Huang Xiaolong | Director, Senior Management | 16 | 0 | 11.72 | 0 | 16 | 16 | 29.92 |
| Ma Junpeng | Senior Management | 8 | 0 | 11.72 | 0 | 8 | 8 | 29.92 |
| Kang Dan | Senior Management | 8 | 0 | 11.72 | 0 | 8 | 8 | 29.92 |
| Wang JiuHong | Senior Management | 8 | 0 | 11.72 | 0 | 8 | 8 | 29.92 |
| Directors and Senior Management | | 108 | 0 | 11.72 | 0 | 108 | 108 | 29.92 |
| Others | | 6,066 | 0 | 11.72 | 0 | 6,066 | 6,066 | 29.92 |
| Total | | 6,174 | 0 | 11.72 | 0 | 6,174 | 6,174 | 29.92 |

Notes:

- ① The above table is filled out based on the employment status of the Company’s Directors and Senior Managements on the disclosure date of this report.
- ② According to the Company’s Restricted Stock Incentive Scheme, each incentive participant in the table will be granted all unlocked restricted stocks on 27 January 2022, and the closing price immediately before the grant date of these restricted stocks is RMB22.06. No restricted stock was granted during the reporting period.

Summary of the Restricted Share Incentive Scheme

(i) *The Grant of the Restricted Share Incentive Scheme*

1. The purpose of the Restricted Share Incentive Scheme

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

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

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

3. The number of underlying shares

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

4. The maximum amount of share options for each Participant

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

5. The vesting date

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

6. Lock-up period

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

7. Unlocking Arrangements

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

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

8. The Grant Price

The grant price of the restricted share incentive plan is RMB11.72 per share, that is, after meeting the granting conditions, the incentive participants 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. The basis of determination of grant price

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

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

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

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

See the table below for details:

Unit: RMB/Share

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

10. The repurchase principle

After completing the share registration of the restricted stocks granted to the incentive participants, if the Company has issues such as converting capital reserves into share capital, distributing stock dividends, splitting shares, allotment of shares, shrinking shares, etc., the repurchased quantities and prices of restricted stocks that have not been released shall be adjusted accordingly. For specific adjustment methods, please refer to the “Yankuang Energy 2021 A Share Restricted Stock Incentive Plan” announced on 27 January 2022.

When the incentive participants terminates the labor relationship with the Company due to objective reasons such as transfer, dismissal, retirement, death, loss of civil capacity, etc., the restricted stocks that have not been released shall be repurchased and canceled by the Company at the granting price (adjusted) plus bank deposit interest for the same period.

If the incentive participants resigns or is terminated from employment due to personal reasons, the restricted stocks that have been granted but have not been released from sales restrictions will be repurchased and canceled by the Company. The repurchase price is the lower value of the granting price (adjusted) or the Company's stock market price at the time of repurchase (the market price refers to the average transaction price of the Company's underlying stock on the trading day, before the Board of Directors considered the repurchase).

If the Company's performance assessment target for a certain unlocking period of restricted stocks is not achieved, all the restricted stocks of the incentive participants cannot be lifted and should be canceled by the Company. Restricted shares 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 granting price and the market price.

11. The validity period

The Share Restricted Option Scheme comes into effect since approval by the 2022 first extraordinary general meeting, the 2022 first class meeting of Shareholders of H Shares and the 2022 first class meeting of Shareholders of A Shares convened on 27 January 2022. The validity period of the share options granted under the Share Option Scheme shall not exceed 60 months commencing from the date of granting the share options.

12. The completion of the granting

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

(II) Historical adjustment to the Restricted Share Incentive Scheme

As reviewed and approved at the second meeting of the ninth Board of Directors of the Company held on 25 August 2023, since the Company carried out two profit distributions during the restricted period, and distributed 0.5 bonus share for each share, the Board adjusted the repurchase price and quantity of restricted shares. After this adjustment, the repurchase price was adjusted from RMB11.72 per share to RMB3.6133 per share, and the number of restricted shares that had been granted but not released from sales restrictions was adjusted from 61.74 million to 92.61 million; Due to reasons such as position change and retirement of 26 incentive participants, the Company canceled 2.67 million restricted shares that had been granted but not been released. For details, please refer to the Company's announcement dated 25 August 2023 on the adjustment of the repurchase price and quantity of restricted shares, and the announcement on the repurchase and cancellation of restricted shares that had been granted to some incentive participants but not been released.

(III) Use of Proceeds

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

Incentive Scheme of Yancoal Australia

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

For details, please refer to the resolution announcement of Yancoal Australia 2018 Annual General Meeting dated 30 May 2018, the performance announcement of the year ending 31 December 2022 on 27 February 2023 and financial announcement and remuneration report for the half year ended 30 June 2023 dated 16 August 2023. The above announcements were also posted on the websites of Yancoal Australia, the Australia Stock Exchange and/or the HKEX.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

Other Explanations

Not applicable.

Employee Shareholding Scheme

Not applicable.

Other Incentive Schemes

Not applicable.

V. CORPORATE GOVERNANCE

(Prepared according to the listing rules in PRC)

Since its listing, the Company has paid close attention to the process of standardization and rule of law in the securities market. In accordance with the “Company Law”, “Securities Law” and the relevant regulatory regulations of the place of listing, following the principles of transparency, accountability, and safeguarding the rights and interests of all shareholders, a relatively standardized and stable corporate governance structure has been established, which is no material difference from the requirements and the relevant documents of the CSRC.

On 31 March 2023, the “Trial Measures for the Administration of Overseas Securities Issuance and Listing of Domestic Companies” issued by the CSRC and related guidelines came into effect, and the “Notice on the Implementation of the “Required Articles of Association of Companies Listed Overseas”” was abolished at the same time. According to the changes in the above systems, and in combination with the Company’s actual operational needs, the relevant provisions of the “Articles of Association” are amended, mainly the financial assistance chapter for the purchase of company shares, the relevant provisions of the general meeting of shareholders are deleted, and the Company’s “Rules of Procedure for the General Meeting of Shareholders”, “Rules of Procedures for the Board of Directors” and “Rules of Procedures for the Board of Supervisors” are revised accordingly.

Due to the Company’s distribution of bonus shares, implementation of stock option incentive scheme exercise and other matters, resulting in changes in the Company’s share capital structure and registered capital, CSRC issued Regulations on Independent Directors of List Companies and required the Party Building to be included into the Articles of Association, so that the Company revised the “Articles of Association” accordingly.

On 28 July 2023, the China Securities Regulatory Commission issued the “Administrative Measures for Independent Directors of Listed Companies”, which put forward new requirements for the performance of independent directors and the duties of special committees. In order to meet the above-mentioned new requirements, combined with the Company’s actual situation, the Company revised the “Independent Director Work System” and the working rules of the special committees such as audit and remuneration.

VI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE & STOCK TRADING CODE FOR LISTED ISSUER'S DIRECTORS (CORPORATE GOVERNANCE CODE)

(Prepared in accordance with the Hong Kong Listing Rules)

The Board believes that good corporate governance is very important to the operation and development of the Group. The Group has established a relatively standardized and stable corporate governance structure, following the corporate governance principles of transparency, accountability, and safeguarding the rights and interests of all shareholders.

The Group has established the reporting system to all Directors, to ensure all Directors are informed of the Company's business. The Group believes that the regular Board meetings can provide an effective communication channel for the non-executive directors, thus enabling the non-executive Directors to discuss fully and openly on the Group's business. The Board regularly reviews corporate governance practices to ensure the Company's operation is in compliance with the laws, regulations and supervisory rules of places where the shares of the Company are traded, and consistently endeavors to implement a high standard of corporate governance.

The corporate governance measures implemented by the Group include, but not limited to the following: the Articles, the Rules of Procedures for Shareholders' General Meeting, the Rules of Procedures for the Board of Directors, the Rules of Procedures for Supervisory Committee, the Work Policy of the Independent Directors, the Rules for Disclosure of Information, the Rules for the Approval and the Disclosure of Connected/Related Transactions of the Company, the Rules for the Management of Relationships with Investors, the Rules on the Company's Shares Held by the Shareholders, Directors, Supervisors, Senior Management and Insiders and the Rules on the Changes of the Shares, the Standard of Conduct and Professional Ethics for Senior Employees, the Measures on the Establishment of Internal Control System and the Measures on Overall Risk Management. As at the date of disclosure of the report, the corporate governance rules and practices of the Group are in compliance with the principles and the code provisions set out in the Corporate Governance Code contained in the Hong Kong Listing Rules. The corporate governance practices of the Group comply with the requirements of the Code.

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

The Directors, Supervisors and senior management of the Company have strictly complied with the Model Code and the Rules on the Company's Shares Held by the Shareholders, Directors, Supervisors, Senior Management and Insiders and the Rules on the Changes of the Shares. The Company has adopted a code of conduct no less stringent than the Model Code with respect to securities transactions by directors, supervisors and senior management.

For details, please refer to the Report on Corporate Governance of the Company included in 2022 annual report of the Company.

VII. INVESTOR RELATIONS

The Company has been continuously perfecting the system for the management of relationships with Investors, and improved standard management of investor relations through effective information collection, compilation, examination, disclosure, and feedback management procedures. During the reporting period, the Company reported the business situation to investors face-to-face by means of roadshows and reverse roadshows, and at the same time understood the opinions and suggestions of investors and the capital market on the Company. Actively hold regular performance report briefings and take the initiative to hold investor briefings on relevant major issues. In addition to regular channels such as SSE e-interaction, investor briefings, etc., respond to investor complaints and opinions by telephone, email, We-chat, etc., or seek opinions and suggestions from investors and improve them, and exchange with analysts, fund managers and investors for 1,500 person-times.

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*

The Group has strictly abided by Environmental Protection Law of the People's Republic of China, Prevention and Control of Atmospheric Pollution Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Law of the Environmental Pollution Prevention and Control of Solid Waste of the People's Republic of China, and The Environmental Impact Assessment Law of the People's Republic of China, etc. The Group keeps improving the environmental protection management system and mechanism, strengthening source governance, and building itself into a resource-saving and environment-friendly enterprise. During the reporting period, no significant environment pollution incidents, and nor significant violation of environment protection laws took place within the Group.

In the first half of 2023, the coal mines, power plants and chemical plants affiliated to the Group are equipped with sound facilities for sewage process, dust control and boiler fuel gas management, which operate in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, SO₂, NO_x, PM₁₀, meets all discharging standards.

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 2023 are as follows.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

| No. | Key pollutant discharging entities | Types of pollutant | Main pollutants | Discharging method | Discharging standard | Annual pollutant discharging permission volume | Actual discharging volume in for the six months ended 30 June 2023 | |
|-----|------------------------------------|---|---|--|--|---|--|---|
| 1 | Nantun Coal Mine | Key pollutant discharging entity in Shandong Province | Industrial wastewater, household wastewater | Chemical oxygen demand (COD), ammonia nitrogen | Discharging to receiving water body after processing in sewage treatment station | "Comprehensive Discharge Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018) | COD: 128.4 tons Ammonia nitrogen: 6.4 tons | COD: 10.9 tons Ammonia nitrogen: 0.08 tons |
| 2 | Baodian Coal Mine | | | | | COD: 120.4 tons Ammonia nitrogen: 6.0 tons | COD: 19.8 tons Ammonia nitrogen: 0.16 tons | |
| 3 | Dongtan Coal Mine | | | | | COD: 58.4 tons Ammonia nitrogen: 2.9 tons | COD: 13.3 tons Ammonia nitrogen: 0.17 tons | |
| 4 | Jining No.2 Coal Mine | | | | | COD: 30.7 tons Ammonia nitrogen: 2.9 tons | COD: 5.5 tons Ammonia nitrogen: 0.04 tons | |
| 5 | Jining No.3 Coal Mine | | | | | COD: 362.9 tons Ammonia nitrogen: 18.1 tons | COD: 5.7 tons Ammonia nitrogen: 0.21 tons | |
| 6 | Yangcun Coal Mine | | | | | COD: 29.9 tons Ammonia nitrogen: 3.7 tons | COD: 1.7 tons Ammonia nitrogen: 0.04 tons | |
| 7 | Zhaolou Coal Mine | | | | | COD: 95.4 tons Ammonia nitrogen: 5.9 tons | COD: 8.6 tons Ammonia nitrogen: 0.14 tons | |
| 8 | Xinglongzhuang Coal Mine | National key pollutant discharging entity | | | "Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018); "Emission Standard of Pollutants for Urban Sewage Treatment Plants" (GB 18918-2002) | COD: 109.0 tons Ammonia nitrogen: 5.5 tons | COD: 0.7 tons Ammonia nitrogen: 0.01 tons | |
| 9 | Tianchi Coal Mine | Key pollutant discharging entity of Jinzhong City | | | "Surface Water Environmental Quality Standard" (GB3838-2002) | No total emission requirements for COD, ammonia nitrogen | COD: 0.9 tons Ammonia nitrogen: 0.06 tons | |

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

| No. | Key pollutant discharging entities | Types of pollutant | Main pollutants | Discharging method | Discharging standard | Annual pollutant discharging permission volume | Actual discharging volume in for the six months ended 30 June 2023 |
|-----|--|---|---|---|---|--|--|
| 10 | Jinjitai Coal Mine | Key pollutant discharging entity of Yuyang District, Yulin City | Boil flue gas PM (particulate matter), SO ₂ , NO _x | Smoke and gas discharged to the air after purification; and | "Boiler Air Pollutant Emission Standard" (GB13271-2014) | PM: 14.0 tons SO ₂ : 46.6 tons NO _x : 93.1 tons | PM: 0.2 tons SO ₂ : 0.1 tons NO _x : 6.4 tons |
| 11 | Coal-to-Oil Branch of Shaanxi Future Energy Company | National key pollutant discharging entity | Boiler flue gas PM (particulate matter), SO ₂ , NO _x | the waste water recycled for utilization | "Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011) | PM: 92.1 tons SO ₂ : 488.9 tons NO _x : 1,084.2 tons | PM: 20.7 tons SO ₂ : 41.8 tons NO _x : 292.8 tons |
| 12 | Rongxin Chemicals of Ordos Company | | | | "Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011) | PM: 121.8 tons SO ₂ : 406.1 tons NO _x : 609.1 tons | PM: 2.0 tons SO ₂ : 62.0 tons NO _x : 178.5 tons |
| 13 | Zhuanlongwan Coal Mine | Key pollutant discharging entity of Ordos City | | | "Boiler Air Pollutant Emission Standard" (GB13271-2014) | PM: 19.4 tons SO ₂ : 89.4 tons NO _x : 114.8 tons | PM: 1.3 tons SO ₂ : 2.7 tons NO _x : 22.8 tons |
| 14 | Shilawusu Coal Mine | | | | | PM: 25.9 tons SO ₂ : 107.2 tons NO _x : 92.1 tons | PM: 1.2 tons SO ₂ : 20 tons NO _x : 22.8 tons |
| 15 | Yingpanhao Coal Mine | | | | | PM: 21.99 tons SO ₂ : 96.2 tons NO _x : 131.3 tons | PM: 0.2 tons SO ₂ : 48.2 tons NO _x : 26.2 tons |
| 16 | Zhaolou Power Plant | National key pollutant discharging entity | | Smoke and gas discharged to the air after purification | "Shandong Province Thermal Power Plant Air Pollutant Emission Standard" (DB37/664-2019) | PM: 34.6 tons SO ₂ : 242.4 tons NO _x : 346.3 tons | PM: 6.0 tons SO ₂ : 21.8 tons NO _x : 86.6 tons |
| 17 | Jining No.3 Power Generation Plant | National key pollutant discharging entity | | | | PM: 33.0 tons SO ₂ : 227.0 tons NO _x : 319.0 tons | PM: 3.4 tons SO ₂ : 28.8 tons NO _x : 152.3 tons |
| 18 | Hongda Shiye Xinghe Power Plant of Inner Mongolia Mining Company | Ulan Qab key pollutant discharging entity | | | "Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011) | PM: 374 tons SO ₂ : 1,522.1 tons NO _x : 1,522.1 tons | PM: 16.6 tons SO ₂ : 79.5 tons NO _x : 258.9 tons |

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

| No. | Key pollutant discharging entities | Types of pollutant | Main pollutants | Discharging method | Discharging standard | Annual pollutant discharging permission volume | Actual discharging volume in for the six months ended 30 June 2023 |
|-----|------------------------------------|---|--|---|---|--|--|
| 19 | Yulin Neng Hua | National key pollutant discharging entity | Boiler flue gas, industrial wastewater, household wastewater | PM (particulate matter), SO ₂ , NO _x , chemical oxygen demand (COD), ammonia nitrogen | Smoke and gas discharged to the air after purification, and the waste water recycled for utilization and the remaining discharged | "Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011); "Shaanxi Province Yellow River Basin Sewage Comprehensive Discharge Standard" (DB61/224-2018) | PM: 7.6 tons SO ₂ : 65.1 tons NO _x : 144.8 tons COD: 3.8 tons Ammonia nitrogen: 0.2 tons |
| 20 | Yankuang Lunan Chemical Company | | | | "Shandong Province Thermal Power Plant Air Pollutant Emission Standard" (DB37/664-2019); "Regional Air Pollutant Comprehensive Emission Standard" (DB37/2376-2019); "Comprehensive Discharge Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018) | PM: 94.5 tons SO ₂ : 544.6 tons NO _x : 787.7 tons COD: 577.0 tons Ammonia nitrogen: 91.0 tons | PM: 8.4 tons SO ₂ : 60.8 tons NO _x : 242.1 tons COD: 191.2 tons Ammonia nitrogen: 5.9 tons |

2. Construction and operation of pollution control facilities

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

The coal mines enterprises affiliated to the Group have built mine water and domestic sewage treatment facilities. Through the construction of silos, closed coal sheds and closed material sheds, the Group finished the complete closure of the coal yard and coal gangue yard. The power plant boilers have all completed ultra-low emission renovation. Chemical enterprises have built industrial sewage treatment plants, and boilers have undergone ultra-low emission revamp as required. Currently, VOCs are being treated.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

| No. | Key pollutant discharging entities | Construction and operation of pollution control facilities |
|-----|--|---|
| 1 | Nantun Coal Mine | Each mine has built a mine water treatment station, a domestic sewage treatment station and a high salt mine water treatment facility as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. |
| 2 | Baodian Coal Mine | |
| 3 | Dongtan Coal Mine | |
| 4 | Jining No.2 Coal Mine | |
| 5 | Jining No.3 Coal Mine | Each mine has built a mine water treatment station and a domestic sewage treatment station as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. |
| 6 | Zhaolou Coal Mine | |
| 7 | Yangcun Coal Mine | |
| 8 | Xinglongzhuang Coal Mine | |
| 9 | Tianchi Coal Mine | A mine water treatment station and a household wastewater treatment station as required, which are all in normal operation. 2 natural gas boilers have been built to replace coal burned boiler, while one is 10 steam tons and the other is 6 steam tons. |
| 10 | Jinjitian Coal Mine | Jinjitian has a mine water treatment station and a household wastewater treatment station as required, which are all in normal operation. It also has 2 boilers with 65 steam tons each, which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation. |
| 11 | Coal-to-Oil Company of Shaanxi Future Energy | It has an industrial water treatment plant in normal operation, which discharges the waste water after treatment for recycling use after further treatment. It also has 3 coal fines boilers with 480 steam tons each in normal operation, which are all equipped with de-dusting, desulfurization and de-nitration facilities. which have completed ultra-low emission retrofit and are in normal operation. |
| 12 | Rongxin Chemicals of Ordos Company | Rongxin Chemicals has built two domestic sewage treatment stations as required, which are all in normal operation. It also has 3 units of 220 and 2 units of 380 steam tons circulating fluidized bed boilers, which are all equipped with de-dusting, desulfurization and de-nitration facilities, have completed ultra-low emission retrofit and are in normal operation. |
| 13 | Zhuanlongwan Coal Mine | Zhuanlongwan Coal Mine has a mine water treatment station and a domestic sewage treatment station as required, which are all in normal operation. It also has 3 boilers of 20 steam tons each, which are all equipped with de-dusting, de-sulfurization and de-nitration facilities and are in normal running. |
| 14 | Shilawusu Coal Mine | Shilawusu has a mine water treatment station and a household wastewater treatment station as required, which are all in normal operation. It also has 3 boilers with 20 steam tons each, and 1 circulating fluidized bed boiler with 45 steam tons, which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation. |
| 15 | Yingpanhao Coal Mine | It has a mine water treatment station and a household wastewater treatment station as required, which are all in normal operation. It also has 2 circulating fluidized bed boilers with 45 steam tons, which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation. |
| 16 | Zhaolou Power Plant | It has 1 boiler, with total capacity of 1,025 steam tons, which is all equipped with de-dusting, desulfurization and de-nitration facilities and has achieved ultra-low emission retrofit and is in normal operation. |

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

| No. | Key pollutant discharging entities | Construction and operation of pollution control facilities |
|-----|--|--|
| 17 | Jining No.3 Power Plant | It has 2 boilers, with total capacity of 440 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have achieved ultra-low emission retrofit and are in normal operation. |
| 18 | Power Plants affiliated to Inner Mongolia Mining | It has 2 boilers, with total capacity of 2,478 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have achieved ultra-low emission retrofit and are in normal operation. |
| 19 | Yulin Neng Hua | 2 industrial wastewater treatment stations have been built as required and are in normal operation. It also has 4 coal fines boilers of 260 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities, which have completed ultra-low emission retrofit and are in normal operation. |
| 20 | Lunan Chemicals | Lunan Chemicals has an industrial waste water treatment plant in normal operation as required. It also has 4 circulating fluidized bed boilers in normal operation with 2 boilers of 130 steam tons each and 2 boilers of 260 steam tons, as well as 2 coal fines boilers of 480 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have completed ultra-low emission retrofit. |

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

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

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

4. *Contingency plan for emergent environmental incidents*

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

5. *Environmental self-monitoring program*

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

(1) Online monitoring

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

(2) Entrusted monitoring

- ① Monitoring of pollutants in the discharge water is carried out by a third party as required once a month and the monitoring objectives shall refer to the “Standard for the Discharge of Pollutants in Urban Sewage Treatment Plant”.
- ② The Group has entrusted a third party to implement manual monitoring of particulate matter, SO₂ and NO_x quarterly.
- ③ The Group has entrusted a third party to implement plant boundary noise monitoring quarterly.
- ④ The monitoring of radioactive sources has been conducted by a third party as required yearly.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

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

Administrative penalties due to environmental issues in the first half of 2023

| No. | Entity for penalty | Inspection authorities | Notification number | Penalty (RMB0'000) |
|-----|--------------------|-------------------------------------|---|--------------------|
| 1 | Yulin Neng Hua | Yulin Ecological Environment Bureau | Shaanxi K Environmental Penalty [2023] No. 77 | 32 |
| 2 | Jinjitan Coal Mine | Yulin Ecological Environment Bureau | Shaanxi K Environmental Penalty [2023] No. 87 | 88.5 |
| | | Total | | 120.5 |

7. *Other environmental information that should be disclosed*

Not applicable

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

1. *Administrative penalties due to environmental issues*

Not applicable.

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

Not applicable.

3. *Reasons for Not Disclosing Other Environmental Information*

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.

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

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

Not applicable.

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

The Group continued to further promote the prevention and control of environmental pollution. The high-salt water advanced treatment projects of Dongtan Coal Mine, Jining No.3 Coal Mine and Zhaolou Coal Mine were put into operation and operated stably. In the first half of 2023, the discharge of sodium sulfate was reduced by 10,761.6 tons, which is beneficial to the water quality.

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

The Group continues to reduce carbon emissions. The following energy-saving projects will be completed in the first half of 2023:

1. Jining No.3 Coal Mine implements the reactive power compensation transformation of the filter press workshop of the coal preparation center, and adds a set of reactive power compensation devices, which can realize annual power saving of 208,000 kWh; Zhuanlongwan Coal Mine implements constant pressure water supply transformation, which can realize annual power saving of 1.78 million kWh;

Shilawusu Coal Mine has completed the frequency conversion transformation of coal feeders, which can save 57,000 kWh of electricity annually; Jinjitan Coal Mine has implemented the mine water reuse project in the east wing to cut mine water lifting and on-ground treatment, which can save 952,000 kWh of electricity annually; Jining No.3 Power Plant optimized the water distribution system, which can save 72,000 kWh of electricity every year. With the above 3 projects, carbon dioxide emissions can be reduced by 4,495.5 tons per year.

2. Zhaolou Power Plant implemented the optimization and transformation of the cooling tower air and water distribution system, which can save 1,550 tons of standard coal per year, and reduce carbon dioxide emissions by 3,864 tons per year after the project is put into operation.

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

The Company is aligned with the national strategy for rural revitalization, and implements the “Ten Thousand Enterprises Support Ten Thousand Villages” initiative. This effort involves both consumption and industry support, fostering deeper collaboration between local businesses and governments and driving local development. The aim is to strengthen and expand the achievements of poverty alleviation and ultimately contribute to the overall revitalization of rural areas. In the first half of 2023, the Company has donated RMB7.908 million towards public welfare. These funds are primarily for charity and supporting local governments in rural revitalization.

The Company is committed to the “Ten Thousand Enterprises Support Ten Thousand Villages” initiative. Following the guidance provided by General Secretary Xi Jinping regarding rural revitalization and this initiative, it is actively responding to the call for targeted assistance for local governments. This includes ongoing technical and financial support measures, which have been instrumental in helping designated villages build elder care facilities and improving village infrastructure. This demonstrates its dedication as a state-owned enterprise, fostering collaboration between villages and enterprises, and sustaining the gains made in poverty alleviation.

The Company is promoting both consumption and industry assistance. It is boosting sales of products from assisted regions through innovative strategies such as “buy to support”. Over the years, Future Energy has consistently procured products like Hengshan and Jia County Spring Festival Lamb Gift Boxes. Furthermore, Future Energy has facilitated the registration of managerial and technical personnel as members of the “Yuyang Good Products”. By doing so, a continuous cycle of goodwill is formed to contribute significantly to the ongoing rural revitalization efforts.

I. PERFORMANCE OF UNDERTAKINGS

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

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

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|-----------------------------|--------------------------------|-----------------|---|-----------------------------------|----------------------------------|------------------------------------|---|---|
| Undertakings Related to IPO | Resolve horizontal competition | Shandong Energy | Avoidance of horizontal competition: Shandong Energy and the Company entered into the Restructuring Agreement when the Company was carrying out the restructuring 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 | Others | Shandong Energy | Shandong Energy made undertakings in relation to finance business with Yankuang Finance Company as followings. | 27 July 2018, Long-term Effective | No | Yes | Under normal performance | None |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|------------|------|------------|---|-------------------------------|----------------------------------|------------------------------------|---|---|
| | | | <p>1. In view of the independence of Yankuang Energy in assets, business, personnel, finance and other aspects from Shandong Energy, Shandong Energy will continue to maintain the independence of Yankuang Energy and fully respect its right of management; Yankuang Energy and its subsidiary Yankuang Finance Company will decide on the financial business between Yankuang Finance Company and Shandong Energy on its own accord based on the requirements of business development in compliance with relevant supervisory regulations and the rules of procedures for decision-making as stipulated in the Articles and the Articles of Yankuang Finance Company Limited.</p> <p>2. To ensure the safety of the Company's fund managed by Yankuang Finance Company, Shandong Energy and its controlled companies undertook to carry out financial business with Yankuang Finance Company in accordance with laws and regulations, and will not appropriate the Company's fund through Yankuang Finance Company in any other forms.</p> | | | | | |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|------------|------|------------|--|-------------------------------|----------------------------------|------------------------------------|---|---|
| | | | <p>3. In case Shandong Energy and its controlled companies misappropriated any capital fund of Yankuang Energy through Yankuang Finance Company or in any other form and caused any loss, Shandong Energy Group and its controlled companies will make full amount compensation in cash.</p> <p>4. Shandong Energy undertook to strictly abide by the relevant rules and regulations of CSRC, Shanghai Stock Exchange and the Articles, exercise the shareholder's rights and perform the shareholder's obligations as equally as other shareholders, and neither seek unfair interest by use of the position as the controlling shareholder, nor impair the legal interests of Yankuang Energy and other public shareholders.</p> <p>Note: According to discussions and deliberations held during the Company's second extraordinary shareholders' meeting of 2022 on 28 October 2022, it was approved to merge and reorganize Yankuang Finance Company and Shandong Energy Finance Company. Upon completion of the merger, Yankuang Finance Company will be dissolved, while Shandong Energy Finance Company will continue its existence. Following the merger, the restructured Shandong Energy Finance Company will take over the commitments mentioned above.</p> | | | | | |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|--------------------|--------|--|--|-------------------------------------|----------------------------------|------------------------------------|---|---|
| Other undertakings | Others | Xinwen Mining Group Co., Ltd., Longkou Mining Group Co., Ltd., Zibo Mining Group Co., Ltd., Feicheng Feikuang Coal Industry Co., Ltd., Linyi Mining Group Co., Ltd. (hereinafter collectively referred to as the "Transferor") | In relation to the acquisition of 51% equity interest in Luxi Mining by Yankuang Energy (the "Acquirer"), the Acquirer provides the following commitments to Yankuang Energy: 1. In the event that relevant governmental authorities, following the completion date of this transaction, undertake restrictive measures such as production limitations, suspensions, closures, or exits for the coal mines under the subsidiaries of Luxi Mining, based on documents such as "Lu Dong Neng [2021] No. 3" and "Lu Zheng Zi [2021] No. 143," or related implementation rules, the Transferor commits to the following: – The Transferor shall compensate the Acquirer appropriately. – If the Transferor and the Acquirer are unable to reach an agreement on the specific compensation amount, the Acquirer may provide written notice to the Transferor for termination of the "Equity Transfer Agreement." In such case, the Transferor shall refund the already-paid equity transfer consideration. | April 28, 2023, long term effective | No | Yes | Under normal performance | None |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|------------|------|------------|--|-------------------------------|----------------------------------|------------------------------------|---|---|
| | | | <p>2. Except for the mining rights whose profits from mining right transfers have already been deducted, for the mining rights of Guotun Coal Mine, Pengzhuang Coal Mine, Liangbaosi Coal Mine, and Chenmanzhuang Coal Mine, which have been disposed of on a compensated basis through cash payment or increasing state-owned capital, if such proceeds are accrued by relevant authorities based on the resource reserves within the scope of mining rights assessment as part of this transaction after the completion date of this transaction and are not reflected in the audit report of this transaction, the following provisions apply:</p> <ul style="list-style-type: none"> - The Transferor shall compensate the Acquirer in cash according to the amount of the received proceeds from mining rights transfer of the relevant subsidiaries (compensation amount calculated as received proceeds from mining rights transfer \times 51% \times the equity ownership proportion of Luxi Mining in the relevant subsidiaries). - For the remaining part of resources reserves that is not to be calculated based on the mining rights transfer yield rate, the Transferor shall provide cash compensation to the Acquirer. | | | | | |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|------------|--------|---|--|-------------------------------------|----------------------------------|------------------------------------|---|---|
| | | | <p>- The compensation amount to be provided by the Transferor to the Acquirer shall be limited to the amount stated in the "Equity Transfer Agreement": the amount specified in the mining rights assessment report \times 51% \times the equity ownership proportion of Luxi Mining in the respective subsidiaries.</p> | | | | | |
| | Others | Xinwen Mining Group Co., Ltd., Shandong Energy Group Co., Ltd. (hereinafter collectively referred to as the "Transferor") | <p>The Transferor made the following commitments to Yankuang Energy regarding the acquisition of 51% equity interest in Xinjiang Neng Hua by Yankuang Energy:</p> <p>1. As of 28 April 2023, the validity period of the exploration and prospecting rights held by Xinjiang Neng Hua in the Huangcaohu 1-11 exploration areas in Qitai County, Zhundong Coalfield, Xinjiang has expired. The Transferor promises to urge and assist Xinjiang Neng Hua to complete the registration procedures for the change of prospecting rights as soon as possible. The Transferee shall be compensated.</p> | April 28, 2023, long term effective | No | Yes | As for the renewal commitment of Huangcao Lake prospecting rights, Xinjiang Neng Hua has completed the renewal in May 2023. Other commitments are under normal performance. | None |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|------------|------|------------|--|-------------------------------|----------------------------------|------------------------------------|---|---|
| | | | <p>2. In addition to the mining rights that have deducted from the transfer of mining rights, the two mining rights that have been disposed of in Baosheng Coal Mine and Hongshanwa Coal Mine, after the delivery date of this transaction, if relevant authorities levies the mining right transfer income for the resource reserves within the assessment scope in this transaction and the aforementioned transfer income is not reflected in the audit report of this transaction, then: (1) The Transferor will compensate the transferee in cash within 30 days after making the payment according to the transfer income of the subsidiaries (the compensation amount is the amount of the transfer income \times 51% \times the equity ownership proportion of Xinjiang Neng Hua in Xinjiang Mining). (2) For the remaining part of resources reserves that is not to be calculated based on the mining rights transfer yield rate (if involved), the Transferor shall provide cash compensation to the Acquirer. (3) The compensation amount to be provided by the Transferor to the Acquirer shall be limited to the amount stated in the "Equity Transfer Agreement": the amount specified in the mining rights assessment report \times 51% \times the equity owner ship proportion of Xinjiang Neng Hua in Xinjiang Mining.</p> | | | | | |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|------------|--------|--|--|-----------------------------------|----------------------------------|------------------------------------|---|---|
| | Others | Xinwen Mining Group Co., Ltd., Longkou Mining Group Co., Ltd., Zibo Mining Group Co., Ltd., Feicheng Feikuang Coal Industry Co., Ltd., Linyi Mining Group Co., Ltd. (hereinafter collectively referred to as the "Transferor") | <p>The Transferor made the following commitments regarding the operating performance of Luxi Mining (the "Target Company") in the next three years:</p> <p>1. In 2023, 2024, and 2025 ("commitment period"), calculated in accordance with Chinese accounting standards, the Target Company's corresponding audited net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses ("net profit") shall not be less than RMB1,142,481,400 ("accumulative committed net profit during the commitment period").</p> <p>2. If the accumulative net profit realized by the Target Company during the commitment period fails to reach the committed level, the Transferor will compensate Yankuang Energy in cash. The specific compensation amount is calculated as follows:</p> <p>Performance compensation during the commitment period = (accumulative committed net profit during the commitment period – accumulative net profit realized during the commitment period) ÷ accumulative committed net profit during the commitment period × transaction price of the underlying equity – other compensated amounts.</p> | 28 April 2023, the year 2023-2025 | Yes | Yes | Under normal performance | None |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

| Background | Type | Undertaker | Undertakings | Date and Term of Undertakings | With Performance Deadline or Not | Perform Timely and Strictly or Not | Reasons for Failure of Timely Performance | Measures in Case of Failure of Timely Performance |
|------------|--------|---|--|-----------------------------------|----------------------------------|------------------------------------|---|---|
| | Others | Xinwen Mining Group Co., Ltd., Shandong Energy Group Co., Ltd. (hereinafter collectively referred to as the "Transferor") | <p>The Transferor made the following commitments regarding the operating performance of Xinjiang Neng Hua (the "Target Company") in the next three years:</p> <p>1. In 2023, 2024, and 2025 ("commitment period"), calculated in accordance with Chinese accounting standards, the Target Company's corresponding audited net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses ("net profit") shall not be less than RMB4,013,456,100 ("accumulative committed net profit during the commitment period").</p> <p>2. If the accumulative net profit realized by the Target Company during the commitment period fails to reach the committed level, the Transferor will compensate Yankuang Energy in cash. The specific compensation amount is calculated as follows:</p> <p>Performance compensation during the commitment period = (accumulative committed net profit during the commitment period – accumulative net profit realized during the commitment period) ÷ accumulative committed net profit during the commitment period × transaction price of the underlying equity – other compensated amounts.</p> | 28 April 2023, the year 2023-2025 | Yes | Yes | Under normal performance | None |

Note: Regarding the commitments made by the Transferor in the Company's acquisition of 51% equity in Luxi Mining and 51% equity in Xinjiang Neng Hua, please refer to the Company's connected transaction announcement dated April 28, 2023 for details.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

Not Applicable.

III. VIOLATION OF GUARANTEES

Not Applicable.

IV. AUDIT OF THE INTERIM REPORT

Not Applicable.

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

Not Applicable

VI. MATTERS RELATED TO BANKRUPTCY REORGANIZATION

Not Applicable

VII. SIGNIFICANT LITIGATION AND ARBITRATION EVENTS

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

Not Applicable

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

Unit: RMB0'000

During the reporting period:

| Plaintiff (applicant) | Defendant (respondent) | Joint and several Liabile party | Type | Background | Amount involved | Estimated liabilities and amount | Progress | Judgment and impact | Judgment execution |
|--|--|---------------------------------|-------------|---|-----------------|----------------------------------|-------------------------------|---|--------------------|
| Inner Mongolia New Changjiang Mining & Investment Co., Ltd. ("New Changjiang") | Yankuang Energy | No | Arbitration | <p>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.</p> <p>On 29 May 2023, the Company received the Arbitral Award from CIETAC, which ruled that the Company was completely exempted from liability.</p> | 143,500 | No | Closed | exempt from liability | - |
| Xiamen Xinda Co., Ltd. ("Xiamen Xinda") | Shandong Zhongyin Logistics Co., Ltd. ("Zhongyin Logistics") | Yankuang Energy | Litigation | <p>In March 2020, Xiamen Xinda sued Zhongyin Logistics and Yankuang Energy to 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.</p> <p>In June 2022, Xiamen Intermediate Court rejected Xiamen Xinda's suit at the first instance, and Yankuang Energy won the suit. Xiamen Xinda appealed to the Fujian High People's Court ("Fujian High Court").</p> <p>On 15 October 2022, the Company received the ruling result from Fujian High Court that the case was sent back to the Xiamen Intermediate Court for retrial.</p> | 23,266.09 | No | Retrial of the first instance | This case is currently under retrial of the first instance, and the Company is unable to accurately estimate the impact of the arbitration on the current profit and future profit. | - |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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 |
|--|--|--|-------------|---|-----------------|----------------------------------|---------------------------|---|--------------------|
| | | | | | | | | | |
| Inner Mongolia Jin Chengtai Energy Technology Group ("Jin Chengtai") | Yankuang Energy | No | Arbitration | On 5 July 2022, Jin Chengtai filed an arbitration application to CIETAC on the grounds of the dispute over the equity transfer contract, requiring Yankuang Energy to pay the equity transfer fee and fine for delaying payment of RMB101,5.9015 million to Jin Chengtai Coal Mine. Arbitration proceedings are currently under way. | 101,590.15 | No | Arbitration | This case is currently under arbitration procedure, and the Company is unable to accurately estimate the impact of the arbitration on the current profit and future profit. | - |
| Qingdao Zhongyan Trading Co., Ltd (Qingdao Zhongyan) | Dalian Container Terminal Logistics Co., Ltd. ("Dalian Terminal") | No | 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. On 21 June 2023, Qingdao Zhongyan won the first instance. Dalian Container has appealed against the ruling. | 16,924.64 | No | In the second 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. | - |
| 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 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. In March 2023, the Company was ruled to win the first instance. Shagang (Beijing) appealed to Guangdong Provincial People's High Court. In June 2023, the Company received notification of the second trial. And now it's in the second instance. | 12,160.57 | No | Under the second 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. | - |
| Duanxin Supply Chain | Shenzhen McKelley Technology Co., LTD. ("McKelley Company") | Li Guanwei, Dai Lixiang, etc | Litigation | In February 2023, Duanxin Supply Chain sued McKelley Company and related guarantors to the Shenzhen Intermediate Court on the grounds of debt disputes, requiring it to pay off RMB396.1885 million in total, including matured debt, interests and defaults. As of the date of disclosure of this report, the Shenzhen Intermediate Court has not issued a ruling. | 39,618.85 | No | Under 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. | - |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

| Plaintiff (applicant) | Defendant (respondent) | Joint and several Liabilities party | Type | Background | Amount involved | Estimated liabilities and amount | Progress | Judgment and impact | Judgment execution |
|-----------------------|-------------------------------------|-------------------------------------|------------|---|-----------------|----------------------------------|--------------------------|---|--------------------|
| | | | | | | | | | |
| Duanxin Supply Chain | Suning.Com Co., LTD. ("Suning.Com") | No | Litigation | In February 2023, Duanxin Supply Chain sued Suning.Com to Nanjing Intermediate People's Court on the grounds of disputes over sales contracts, requiring it to pay off RMB670.90 million including matured debt, interests and defaults. As of the date of disclosure of this report, the Nanjing Intermediate Court has not issued a ruling. | 67,090.00 | No | Under 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. | - |

Note: In the dispute over the sales contract of Linyi Mengfei Trading Co., LTD. ("Linyi Mengfei") (for details, please refer to "Major Litigation and Arbitration" in Chapter 7 Important Matters of the 2022 annual report), the Shandong Higher People's Court ruled that the Company won in the second instance and the case has now entered the execution procedure. As of the date of disclosure of this report, the Company has collected a total of RMB27.7835 million.

(III) Other Explanation

Not applicable.

VIII. PUNISHMENT ON THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, AND ACTUAL CONTROLLERS FOR VIOLATION OF LAWS AND REGULATIONS AND THEIR RECTIFICATION.

Not applicable

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

IX. THE EXPLANATION ON THE CREDIT CONDITIONS OF THE COMPANY, THE CONTROLLING SHAREHOLDERS, AND ACTUAL CONTROLLERS DURING THE REPORTING PERIOD.

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.

X. MAJOR CONNECTED/RELATED TRANSACTIONS

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

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) ("Shandong Energy Group"), Glencore Coal Pty Ltd ("Glencore") and its subsidiaries ("Glencore Group") (Glencore is a major shareholder of the Company's subsidiary and therefore is one of the related/connected parties of the Company)

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

Overview of Matters

Adjustment of the 2023 annual transaction cap for the purchase and sale of commodities and the renewal of some continuing related party transaction agreements.

As deliberated and approved at the second meeting of the ninth session of the Board of Directors held on 25 August 2023, the Company approved the adjustment of the current "Commodity Purchase and Sale Agreement" for the 2023 annual transaction cap, signed a new "Commodity Purchase and Sale Agreement", "Financing Lease Agreement" and "Entrusted Management Service Framework Agreement" with Shandong Energy, and adjusted the transaction cap of each agreement in every year.

Query Index

For details, please refer to the Company's announcement on the resolutions of the second meeting of the ninth session of the Board dated 25 August 2023, and the announcement on adjusting the 2023 annual transaction cap for the purchase and sale of commodities and the renewal of some continuing related party transaction agreements. Such information is published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company's website and/or "China Securities Journal", "Shanghai Securities News", "Securities Times" and "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 and the 2021 Annual General Meeting held on 30 June 2022, the Company signed “Bulk Commodities Sales and Purchase Agreement” with Shandong Energy which defines the annual cap of transaction for each agreement within a period from 2022 to 2023.

As approved at the Company's 2022 Annual General Meeting of shareholders held on 30 June 2023, the “Provision of Materials Supply Agreement”, “Mutual Provision of Labor and Services Agreement”, “Provision of Insurance Fund Administrative Services Agreement” and “Provision of Products, Materials and Asset Leasing Agreement” were entered into by the Company with Shandong Energy, each of which defines the annual cap of transaction within a period from 2023 to 2025. Upon the above agreements on continuing connected transactions enters into effect, they shall be retroactively implemented from 1 January 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.

In the first half of 2023, the sales of goods and provision of services by the Group to Shandong Energy Group amounted to RMB3.312 billion; the goods and services provided by Shandong Energy Group to the Group amounted to RMB1.574 billion.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

The following table sets out the continuing connected/related transactions of the supply of materials and services between the Group and Shandong Energy Group in the first half of 2023:

| | The first half of 2023 | | The first half of 2022 | | Increase/ decrease of connected/ related Transactions (%) |
|--|------------------------|-----------------------------------|------------------------|-----------------------------------|--|
| | Amount (RMB'000) | Percentage of sales revenue | Amount (RMB'000) | Percentage of sales revenue | |
| | | (%) | | (%) | |
| Sales of goods and provision of services by the Group to Shandong Energy Group | 3,312,151 | 3.92 | 2,845,370 | 2.84 | 16.40 |
| Sales of goods and provision of services by Shandong Energy Group to the Group | 1,573,867 | 1.86 | 1,979,715 | 1.97 | -20.50 |

The table below shows the effect on the Group's profits from sales of coal by the Group to Shandong Energy Group in the first half of 2023:

| | Sales income (RMB'000) | Sales cost (RMB'000) | Gross profit (RMB'000) |
|------------------------------------|---------------------------|-------------------------|---------------------------|
| Coal sold to Shandong Energy Group | 1,707,917 | 717,325 | 990,592 |

Pursuant to the Provision of Insurance Fund Administrative Services Agreement, Shandong Energy Group shall provide free management and transferring services for the Group's social insurance, housing provident fund, enterprise annuity, etc (the "Insurance Fund"). In the first half of 2023, the Group did not pay the Insurance Fund to Shandong Energy Group.

- ② Continuing connected/related transaction of entrusted management of some 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, which defines the annual caps from 2021 to 2023. The entrusted management fee adopts a fixed price, that is, RMB1.5 million per year for each target company.

③ Continuing connected/related transaction of financial services

As considered and approved by the Company's 2021 Annual General Meeting held on 30 June 2022, Yankuang Finance Company entered into the "Financial Service Agreement" with Shandong Energy Group, which stipulates that Yankuang Finance Company shall provide Shandong Energy Group with deposits, comprehensive credit facilities and the maximum annual transaction amount of other financial services and their annual cap of transactions from 2023 to 2025. 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 Financial Regulators with reference to normal commercial terms.

As at 30 June 2023, the deposits of Shandong Energy Group in Yankuang Finance Company is RMB10.185 billion, the comprehensive credit balance of Shandong Energy Group in Yankuang Finance Company is RMB7.256 billion, and the financial service expenses incurred in the first half of 2023 are RMB326 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 "Finance Leasing Agreement", Yankuang Leasing provides financial leasing services to Shandong Energy Group, and charges Shandong Energy Group for a one-off surcharge or consulting fee on or before the date when Yankuang Leasing pays the consideration for the lease asset transfer, and charges Shandong Energy Group for rent on a quarterly basis.

In the first half of 2023, a total of RMB286,000 was charged for the principal balance of the financial lease, lease interest, surcharge and consulting fee.

⑤ Continuing connected/related transactions of entrusted management

As reviewed and approved at the 20th meeting of the eighth session of the Board held on 27 January 2022, the Company and Shandong Energy have entered into the Entrusted Management Service Framework Agreement and the annual transaction cap amount for each year from 2022 to 2024 was approved. The entrust management fee shall be determined by both parties according to the status of the underlying asset, the entrust management cost of Yankuang Energy and the profit of the underlying asset. During the term of the Agreement, the annual management fees collected by Yankuang Energy shall be capped at RMB60 million.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

In the first half of 2023, Shandong Energy Group shall pay the entrusted management fee of RMB2.150 million to the Company.

The following table sets out the details of the annual transaction caps for 2023 and actual transaction amounts for the first half of 2023 for the above continuing connected/related transactions:

| No. | Type of connected/related transaction | Agreement | Annual Transaction Cap for the Year 2023 (RMB'000) | Actual Transaction Amount for the First Half of 2023 (RMB'000) |
|-----|---|---|--|--|
| 1 | Material and facilities provided by Shandong Energy Group | Provision of Materials Supply Agreement | 5,370,000 | 771,946 |
| 2 | Labor and services provided by Shandong Energy Group Labor and services provided to Shandong Energy Group | Mutual Provision of Labor and Services Agreement | 4,830,000 141,000 | 427,949 26,934 |
| 3 | Insurance fund management and payment services provided by Shandong Energy Group (free of charge) for the Group's staff | Provision of Insurance Fund Administrative Services Agreement | 230,000 | 0 |
| 4 | Sale of products, material and equipment lease provided to Shandong Energy Group | Provision of Products, Materials and Asset Leasing Agreement | 14,196,000 | 1,987,917 |
| 5 | Procurement of bulk commodities from Shandong Energy Group Sale of bulk commodities to Shandong Energy Group | Bulk Commodities Sales and Purchase Agreement | 2,000,000 3,270,000 | 373,917 1,297,300 |
| 6 | Financial services to Shandong Energy Group | Financial Services Agreement | 35,800,000 15,000,000 4,000 | 10,185,000 7,256,000 326 |
| 7 | Provision of entrusted management services to Shandong Energy Group | Entrusted Management Agreement | 3,000 | 0 |
| 8 | Provide financial leasing services to Shandong Energy Group | Financial Leasing Agreement | 8,680,000 680,000 | 271 15 |
| 9 | Entrusted management services provided to Shandong Energy Group | Framework Agreement on Entrusted Management Services | 60,000 | 2,151 |

- (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 2023 annual cap for coal sales of the Group to Glencore Group was USD350 million. In the first half of 2023, this related/connected transaction amounted for approximately USD16 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.

As reviewed and approved at the 26th meeting of the eighth session of the Board held on 9 November 2022, the annual transaction cap stated in the HVO Sales Contract from 2022 to 2023 was raised from the originally approved USD750 million to USD1.9 billion.

In the first half of 2023, this connected/related transaction occurred amounted to approximately USD485 million.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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 2023 annual cap for coal purchase of the Group from Glencore Group under the Glencore Coal Purchase Agreement was USD250 million. In the first half of 2023, the connected transaction amount between the Group and Glencore was approximately USD29 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 annual cap for such transaction for the years of 2021 to 2023 were approved. According to this agreement, HV Operations Pty Ltd., a controlled subsidiary of Yancoal Australia, shall pay the follows to Glencore: (i) all costs, charges and expenses incurred in providing services to HVO Joint Venture or HVO Coal Sales Pty Ltd; (ii) all off-site costs, charges and expenses (“general expenses”) incurred by Glencore in providing services. The determination of general expenses is based on the principle of fairness and reasonableness and with reference to all costs, charges and expenses incurred by Glencore in providing similar services without particular sites. Both parties agreed that Glencore provide monthly invoice to HVO and HVO shall finish the payment within 5 business days after receiving such invoice.

The maximum annual transaction amount for service purchase of the Group from Glencore in 2023 was USD18 million. In the first half of 2023, this connected/related transaction involved approximately USD6.02 million.

3. *Undisclosed events in extraordinary announcements*

Not applicable.

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

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

Not applicable

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

- (1) Connected/related transactions relating to the merger and reorganization of Yankuang Finance and Shandong Energy Finance

As considered and approved at the 2022 second Extraordinary General Meeting of Shareholders held on 28 October 2022, Yankuang Finance shall merge with Shandong Energy Finance (the subsidiary of Shandong Energy). After the merger and reorganization, Yankuang Finance shall be deregistered while Shandong Energy Finance will remain in existence, and the Company will become the controlling shareholder of the reorganized Shandong Energy Finance (the “new Shandong Energy Finance”). The new Shandong Energy Finance signed the Financial Services Agreement with Yankuang Energy and Shandong Energy respectively, which defines the cap amount of the transactions from 2023 to 2025. Upon the Agreement comes into force, the existing Financial Services Agreement shall be annulled.

As of the disclosure date of this report, the matter of reorganization has obtained approval from the financial regulatory authorities and is in the process of fulfilling procedures.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

For details, please refer to the Announcement of the resolution made at the 24th meeting of the eighth session of the Board on 26 August 2022, the announcement of the related transaction regarding the proposed merger and reorganization of Yankuang Finance and Shandong Energy Finance, the announcement that the new Shandong Energy Finance intends to enter into continuing connected transactions in financial services with Yankuang Energy and Shandong Energy respectively, the H Share Circular dated 12 October 2022, the announcement of the related transaction required to be disclosed by the Company dated 8 September 2022 and the announcement of the resolution of the 2022 second Extraordinary General Meeting on 28 October 2022, 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.

- (2) The acquisition of 51% equity of Luxi Mining and 51% equity of Xinjiang Energy Chemical

As considered and approved at the 2022 Annual General Meeting of shareholders held on 30 June 2023, the Company was approved to sign the equity transfer agreements with Xinwen Mining Group Co., LTD. (the "Xinwen Mining Group"), Longkou Mining Group Co., LTD., Zibo Mining Group Co., LTD., Feicheng Mining Co., LTD., and Linyi Mining Group Co., LTD. to acquire 51% of Luxi Mining for RMB18.3 billion, and sign equity transfer agreement with Xinwen Mining Group and Shandong Energy to acquire 51% equity of Xinjiang Energy Chemical for RMB8.1 billion.

As of the date of disclosure of this report, the transfer of equity of the above transaction is in progress.

For details, please refer to the Announcement of the resolution made at the 29th meeting of the eighth session of the Board on 28 April 2023, the Announcement of Related Transactions, the H Share Circular dated 9 June 2023, the Announcement of the progress of Related Transactions dated 15 June 2023, and the Announcement of the Resolution of the 2022 Annual General Meeting dated 30 June 2023, 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. *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 with no subsequent progress or change*

Not applicable.

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

Not applicable.

3. *Events not disclosed in extraordinary announcements*

Not applicable.

(IV) Credit and Debt Obligation Among Connected Parties

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

Not applicable.

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

Not applicable.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

3. Events not disclosed in extraordinary announcements

Unit: RMB100 million

| Connected parties | Relationship | Fund provided to connected parties | | | Fund provided to the Company | | |
|-----------------------|-------------------------|------------------------------------|-----------------|-----------------|------------------------------|-----------------|-----------------|
| | | Beginning balance | Amount occurred | Closing balance | Beginning balance | Amount occurred | Closing balance |
| Shandong Energy Group | Controlling Shareholder | 88.55 | -1.10 | 87.45 | 159.63 | -19.26 | 140.37 |
| Glencore Group | Other related party | 0 | 1.14 | 0 | 0 | 42.06 | 0 |
| Total | | 88.55 | 0.04 | 87.45 | 159.63 | 22.80 | 140.37 |

Reasons for credit and debt obligation among connected parties Mutual sale of goods and provision of services

The impact of connected credit and debt on the Company's operating results and financial condition No significant impact

(V) Financial business between the Company and the connected financial company, 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 | | Closing balance |
|-----------------|-------------------------|-----------------------------|-----------------------------|-----------------|---|--|-----------------|
| | | | | | Total deposit amount for the current period | Total withdrawal amount for the current period | |
| Shandong Energy | Controlling Shareholder | / | 0.30%-2.0% | 111.30 | 2,644.82 | 2,654.27 | 101.85 |
| Total | / | / | / | 111.30 | 2,644.82 | 2,654.27 | 101.85 |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

2. Loan Business

Unit: RMB100 million

| Related Party | Relationship | Loan Amount | Loan Interest Rate Range | Opening Balance | Current Period | | Closing balance |
|-----------------------|-------------------------|-------------|--------------------------|-----------------|--|---|-----------------|
| | | | | | Total Loan amount for the current period | Total repayment amount for the current period | |
| Shandong Energy Group | Controlling Shareholder | 130 | 3.5%-3.7% | 73.44 | 51.40 | 55.10 | 69.74 |
| Total | / | 130 | / | 73.44 | 51.40 | 55.10 | 69.74 |

3. Credit Business or Other Financial Business

Unit: RMB100 million

| Related Party | Relationship | Business Type | Total Amount | Actual Amount |
|-----------------------|-------------------------|----------------------------------|--------------|---------------|
| Shandong Energy Group | Controlling Shareholder | Acceptance, letter of guarantee, | 20 | 2.82 |

4. Other Explanations

As of the end of the reporting period, the balance of cash deposit collected by Yankuang Finance Company for financial services provided by related parties was RMB13 million, and the margin portion was not counted in the credit amount.

Pursuant to the Guidance on Self-supervision for the Listed Companies No.5–Transactions & Connected Transactions, the Company issued Risk Assessment Report on Yankuang Finance Company.

(VI) Other significant connected transactions

Not applicable

(VII) Others

Not applicable

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

XI. MATERIAL CONTRACTS AND PERFORMANCE

1. Trust, Contract or Lease

Not applicable.

2. Material guarantees performed and those not yet completed during the reporting period

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) | Effective date of the guarantee | Maturity date of the guarantee | Type of guarantee | Principal debt | Collateral (if any) | Whether the guarantee has fulfilled | Overdue or not | Overdue amount | Counter-guarantee | Related- | Associated relationship |
| | | | | | | | | | | | | | | party | |
| / | / | / | / | / | / | / | / | / | / | / | / | / | / | / | / |
| 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) | | | | | | | | | | | | | | | 0 |
| Guarantees to subsidiaries by the Company and its subsidiaries | | | | | | | | | | | | | | | |
| Total amount of guarantee to subsidiaries during the reporting period | | | | | | | | | | | | | | | 43.30 |
| Total balance of guarantee to subsidiaries by the end of the reporting period (B) | | | | | | | | | | | | | | | 223.48 |
| Total amount of guarantee of the Company (including guarantees to the subsidiaries) | | | | | | | | | | | | | | | |
| Total amount of guarantees(A+B) | | | | | | | | | | | | | | | 223.48 |
| Percentage of total amount of guarantee in the net assets of the Company (%) | | | | | | | | | | | | | | | 19.15 |
| 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) | | | | | | | | | | | | | | | 162.72 |
| Total amount of guarantee exceeding 50% of net assets (E) | | | | | | | | | | | | | | | 0 |
| Total amount of the above 3 categories guarantees (C+D+E) | | | | | | | | | | | | | | | 162.72 |
| Explanation on unexpired guarantee that may be subject to joint and several liability | | | | | | | | | | | | | | | No |

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Guarantee explanations

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

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees of RMB1.999 billion to Yankuang Leasing Co., Ltd. As at 30 June 2023, the balance of the above guarantees was RMB193 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 30 June 2023, the balance of the above guarantee was USD500 million.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees of RMB1.38 billion to Inner Mongolia Rongxin Chemicals. As at 30 June 2023, the balance of the above guarantee was RMB1.0 billion.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees of RMB1.3 billion to Yulin Neng Hua. As at 30 June 2023, the balance of the above guarantee was RMB942 million.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees of RMB1 billion to Lunan Chemicals. As at 30 June 2023, the balance of the above guarantee was RMB970 million.

As reviewed and approved at the 2020 annual general meeting, the Company provided guarantees to Yancoal International Resources for issuing USD300 million corporate bonds. As at 30 June 2023, the balance of the above guarantee was USD300 million.

As reviewed and approved at the 2020 annual general meeting, the Company provided USD100 million of guarantees to Yancoal International. As at 30 June 2023, the balance of the above guarantee was USD100 million.

As reviewed and approved at the 2020 annual general meeting, the Company provided guarantees of RMB1 billion to Qingdao Zhongyan. As at 30 June 2023, the balance of the above guarantee was RMB1 billion.

As reviewed and approved at the 2020 annual general meeting, Inner Mongolia Mining provided guarantees of RMB1.189 billion to Ulanqab Hongda Industrial Co., LTD, and RMB548 million to Ordos Fengwei Photoelectric Co., LTD, and Ordos Fengwei Photoelectric Co., LTD, provided a guarantee of RMB483 million to Inner Mongolia Mining.

As reviewed and approved at the 2021 Annual General meeting of shareholders, the Company provided a guarantee of RMB440 million yuan to Qingdao Zhongyan. As at 30 June 2023, the balance of the above guarantee was RMB440 million.

As reviewed and approved at the 2021 Annual General meeting of shareholders, the Company provided a guarantee of RMB440 million yuan to Qingdao Vast Lucky International Co., Ltd. As at 30 June 2023, the balance of the above guarantee was RMB900 million.

As at 30 June 2023, Yancoal Australia and its subsidiaries provided performance deposits and performance guarantee in an amount of AUD960 million to its subsidiaries for their daily operation.

As reviewed and approved at the 2021 first Extraordinary General Meeting of shareholders of the Company, Inner Mongolia Mining Group provided RMB113 million of guarantees to Inner Mongolia Jinlian Aluminum Profile Co., Ltd. Future Energy provided RMB324 million of guarantee to Shaanxi Jingshen Railway Co., Ltd and RMB6 million of guarantees to Shaanxi Future Cleaning Chemicals Co., Ltd.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

2. Guarantees arising during the reporting period

As approved at the 2021 annual general meeting of the Company, during the reporting period, the Company provided to Qingdao Vast Lucky International Trade Co., Ltd. guarantees of RMB2.02 billion, to Qingdao Zhongyan Co., Ltd. guarantees of RMB1.11 billion, and Yantai Jinzheng Environmental Protection Technology Co., Ltd. guarantees of RMB137 million.

As approved at the 2022 annual general meeting of the Company, Yancoal Australia and its subsidiaries provided a guarantee in an amount not exceeding AUD1.5 billion per year to Yankuang Energy's subsidiaries in Australia for their daily operation. During the reporting period, Yancoal Australia and its subsidiaries produced performance deposits and performance guarantees totaled AUD250 million due to operational necessity.

Note: The table above was prepared in accordance with the CASS and calculated at USD/RMB exchange rate of 7.2258 and AUD/RMB exchange rate of 4.7992.

In addition to the above disclosures, the Company does not have any guarantee contracts performed or not yet completed during the reporting period.

3. Other Major Contract

Not applicable.

XII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

(Prepared according to HK listing regulations)

(I) Repurchase, Sold or Redemption of Listing Shares

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

At the 2022 Annual General Meeting of the Company held on 30 June 2023, 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 2022 Annual General Meeting, the 2023 first class meeting of the holders of H Shares and the 2023 first class meeting of the holders of A Shares were convened by the Company on 30 June 2023, 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 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

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.

The Company adopts a combined annual remuneration, safety and environmental protection 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.

The compensation policy for other employees of the Group mainly adopts the job performance pay system based on job responsibilities and quantitative assessment results, and the performance pay is assessed and cashed by the overall economic benefits of the Company and personal performance.

(III) Auditors

Reviewed and approved at the 2022 annual general meeting held on 30 June 2023, ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited were appointed as accountants at home and abroad, who are responsible for auditing, reviewing and internal control audit evaluation of the Company's financial statements. The term of responsibility begins at the end of the 2022 annual general meeting and ends at the end of the 2023 annual general meeting.

The Company paid RMB9.9 million for audit services of domestic and overseas business in 2023. 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 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 auditor SHINEWING (HK) CPA Limited for the year 2023 appointed by the Company is a registered public interest entity auditor.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

(All financial data listed was 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 | Others | Sub-total | Shares | Percentage |
| | | (%) | | | | (%) |
| I. Listed shares with trading moratorium | 61,740,000 | 1.25 | 0 | 0 | 61,740,000 | 1.24 |
| II. Shares without trading moratorium | 4,886,963,640 | 98.75 | 12,656,840 | 12,656,840 | 4,899,620,480 | 98.76 |
| 1. A Shares | 2,986,963,640 | 60.36 | 12,656,840 | 12,656,840 | 2,999,620,480 | 60.46 |
| 2. Foreign shares domestically-listed | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Foreign shares listed overseas | 1,900,000,000 | 38.39 | 0 | 0 | 1,900,000,000 | 38.30 |
| 4. Others | 0 | 0 | 0 | 0 | 0 | 0 |
| III. Total share capital | 4,948,703,640 | 100 | 12,656,840 | 12,656,840 | 4,961,360,480 | 100 |

2. Explanation on changes in shares

As reviewed and approved at the 28th meeting of the eighth session of the Board of the Company held on 24 April 2023, it was confirmed that the exercisable conditions for the third exercise schedule of the Company's 2018 A Share Option Incentive Scheme have been fulfilled. As at June 30 2023, all the exercisable stock options of the third exercise schedule, a total amount of 12,656,840 shares, have been exercised. The increase in the total share capital of the Company from 4,948,703,640 shares to 4,961,360,480 shares had no significant impact on the financial indicators of the recent year and the recent reporting period.

For details, please see the announcement on exercisable conditions of the third exercising period and on the result of restricted stock granting on 24 April 2023, as well as the announcement on the result of the independent exercise on 25 May 2023, which were posted on the websites of Shanghai Stock Exchange, the HKEX, the Company and/or China Securities Journal and Shanghai Securities News, Securities Times and Securities Daily.

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

As at the disclosure date of this interim report, the total share capital of the Company increased from 4,961,360,480 shares on 30 June 2023 to 7,442,040,720 shares due to the distribution of shares dividend. Calculated on the basis of current share capital, earnings per share for the first half of year 2023 is RMB1.39 and net asset per share on 30 June 2023 is RMB11.13.

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

As at the the issue date of this interim 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. SHAREHOLDERS

(I) Total Number of the Shareholders

| | |
|---|---------|
| Total number of ordinary shareholders as at June 30 2023 | 113,728 |
| Total number of preferred shareholders with resumed voting right by the end of the reporting period | 0 |

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

(II) Top Ten Shareholders and Top Ten Shareholders Holding Tradable Shares of the Company which are not Subject to Trading Moratorium (as at 30 June 2023)

Unit: share(s)

| Name of shareholders (full name) | Increase/ decrease during the reporting period | Shareholdings of the top ten Shareholders | | | Number of shares held subject to trading moratorium | Number of pledged, marked or locked shares | | Nature of Shareholders |
|--|--|---|---|---------------------|---|---|-----------------------------|---------------------------|
| | | Number of shares held at the end of the Reporting Period | Percentage holding of the total share capital (%) | Status of shares | | Number of shares | | |
| Shandong Energy Group Co., Ltd. | 0 | 2,257,324,473 | 45.50 | 0 | Pledged | 114,277,185 | State-owned legal person | |
| Hong Kong Securities Clearing Company (Nominees) Limited | -73,200 | 1,897,851,006 | 38.25 | 0 | Unknown | - | Overseas legal person | |
| Hong Kong Securities Clearing Company Limited | -32,233,880 | 67,389,131 | 1.36 | 0 | No | 0 | Overseas legal person | |
| Guoxin Investment Co., Ltd. | 43,881,956 | 43,881,956 | 0.88 | 0 | No | 0 | State-owned legal person | |
| National Social Security Fund 117 Portfolio | 600,000 | 16,008,844 | 0.32 | 0 | No | 0 | Unknown | |
| China Merchants Bank Co., Ltd. – Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund | 488,624 | 13,427,948 | 0.27 | 0 | No | 0 | Unknown | |
| National Social Security Fund 601 Portfolio | 0 | 9,502,363 | 0.19 | 0 | No | 0 | Unknown | |
| Industrial and Commercial Bank of China Co., Ltd.-Guotai Zhongzheng Coal Tradable Open Index Securities Investment Fund | -1,666,318 | 8,227,540 | 0.17 | 0 | No | 0 | Unknown | |
| Basic pension insurance fund-15052 Portfolio | 1,489,400 | 5,690,233 | 0.11 | 0 | No | 0 | Unknown | |
| China Merchants Securities Co., Ltd.- CCB small and medium pioneer securities investment fund | -5,084,647 | 5,617,620 | 0.11 | 0 | No | 0 | Unknown | |

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Top ten Shareholders holding tradable shares not subject to trading moratorium

| Name of Shareholders | Number of tradable shares held not subject to trading moratorium | Class and number of shares held | |
|---|--|---------------------------------|------------------|
| | | Class of shares | Number of shares |
| Shandong Energy Group Co., Ltd. | 2,257,324,473 | A Shares | 2,257,324,473 |
| Hong Kong Securities Clearing Company (Nominees) Limited | 1,897,851,006 | H Shares | 1,897,851,006 |
| Hong Kong Securities Clearing Company Limited | 67,389,131 | A Shares | 67,389,131 |
| Guoxin Investment Co., Ltd. | 43,881,956 | A Shares | 43,881,956 |
| National Social Security Fund 117 Portfolio | 16,008,844 | A Shares | 16,008,844 |
| China Merchants Bank Co., Ltd.-Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund | 13,427,948 | A Shares | 13,427,948 |
| National Social Security Fund 601 Portfolio | 9,502,363 | A Shares | 9,502,363 |
| Industrial and Commercial Bank of China Co., Ltd.-Guotai Zhongzheng Coal Tradable Open Index Securities Investment Fund | 8,227,540 | A Shares | 8,227,540 |
| Basic pension insurance fund-15052 Portfolio | 5,690,233 | A Shares | 5,690,233 |
| China Merchants Securities Co., Ltd.-CCB small and medium pioneer securities investment fund | 5,617,620 | A Shares | 5,617,620 |

Explanations on repurchase of special shares by the top 10 shareholders

Not applicable.

Explanations on voting proxy, entrusted voting and abstention by the above shareholders

Not applicable.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Connected relationship or concerted-party relationship among the above Shareholders

Yankuang Group (Hong Kong) Company Limited, a wholly-owned subsidiary of Shandong Energy (“Yankuang Hong Kong”) held 455 million H Shares of the Company through Hong Kong Securities Clearing Company (Nominees) Limited.

Apart from the disclosure above, it is unknown whether other shareholders are connected with one another or whether any of these shareholders fall within the meaning of parties acting in concert.

Illustration of preferred shareholders with resumed voting rights and the number of shares held by them

Not applicable.

Notes:

- ① All the information above, including “Total number of Shareholders” and “The top ten Shareholders and the top ten Shareholders holding tradable shares of the Company which are not subject to trading moratorium at the end of the Reporting Period”, is prepared in accordance with the registers of the Shareholders provided by the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. and Hong Kong Securities Registration Co., Ltd.
- ② As the clearing and settlement agent for the Company’s H Shares, Hong Kong Securities Clearing Company (Nominees) Limited holds the Company’s H Shares in the capacity of a nominee. Hong Kong Securities Clearing Company Limited is the nominal holder of the Company’s Shanghai Stock connected shares.
- ③ As at 30 June 2023, Shandong Energy held a total of 2,257,324,473 A Shares of the Company, of which, 2,143,047,288 shares held through its own account, 114,277,185 shares through exchangeable corporate bond in special pledged account, 454,989,000 H Shares through Yankuang Hong Kong. Shandong Energy directly and indirectly holds 2,712,313,473 shares, accounting 54.67% 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 30 June 2023, other than the Directors, Supervisors or chief executives of the Company, there were no other persons who were substantial shareholders of the Company or had interests or short positions in the shares or underlying shares of the Company, which should (i) be disclosed pursuant to Sections 2 and 3 under Part XV of the Securities and Futures Ordinance (“SFO”); (ii) be recorded in the register to be kept pursuant to Section 336 of the SFO; or (iii) notify the Company and the Hong Kong Stock Exchange in other ways.

| Name of Substantial Shareholders | Class of Shares | Capacity | Number of Shares Held (shares) | Nature of Interest | Percentage in the H Share Capital of the Company | Percentage in Total Share Capital of the Company |
|------------------------------------|--|-------------------------------------|--------------------------------|--------------------|--|--|
| Shandong Energy | A Shares (State-owned legal person shares) | Beneficial owner | 2,257,324,473 | Long position | – | 45.50% |
| | | | 114,277,185 | Short position | – | 2.30% |
| Shandong Energy ^① | H Shares | Interest of controlled corporations | 454,989,000 | Long position | 23.95% | 9.17% |
| BNP Paribas Investment Partners SA | H Shares | Investment manager | 117,641,207 | Long position | 6.19% | 2.37% |

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 <http://www.hkexnews.hk> and information provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

As at 30 June 2023, except as disclosed below, none of the Directors, Supervisors and Senior Management of the Company have an interest in the shares, or any of its associated body corporate (definition referred to Part XV of the Securities and Futures Ordinance), the interests and short position in relevant shares and bonds. These interests and short position (i) are in accordance with the Section 352 of the Securities and Futures Ordinance, which should be recorded in the register to be kept, or (ii) In accordance with the provisions of the Model Code, shall notice the listed issuers and the Stock Exchange of Hong Kong (The relevant provisions shall be deemed to apply equally to the supervisors of the Company to the same extent as the directors of the Company).

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Unit: Shares

| Name | Title | Number of shares held at the beginning of the reporting period | Number of shares held at the end of the reporting period | Increase/decrease of shareholding during the reporting period | Reasons for increase/decrease |
|-----------------------|-----------------------------|--|--|---|-------------------------------|
| Li Wei | Chairman | 10,000 | 10,000 | 0 | – |
| Xiao Yaomeng | Director, Senior management | 299,000 | 350,000 | 51,000 | Exercise of stock options |
| Liu Jian | Director | 85,800 | 85,800 | 0 | – |
| Liu Qiang | Director | 160,000 | 160,000 | 0 | – |
| Zhang Haijun | Director | 0 | 0 | 0 | – |
| Li Shipeng | Supervisor | 0 | 0 | 0 | – |
| Zhu Hao | Supervisor | 0 | 0 | 0 | – |
| Peng Suping | Independent director | 0 | 0 | 0 | – |
| Zhu Limin | Independent director | 0 | 0 | 0 | – |
| Woo Kar Tung, Raymond | Independent director | 0 | 0 | 0 | – |
| Zhu Rui | Independent director | 0 | 0 | 0 | – |
| Su Li | Director | 0 | 0 | 0 | – |
| Zhao Qingchun | Senior management | 331,600 | 420,000 | 88,400 | Exercise of stock options |
| Jin Jiahao | Supervisor | 0 | 0 | 0 | – |
| Li Hongguo | Senior management | 0 | 0 | 0 | – |
| Zhang Chuanchang | Senior management | 160,000 | 160,000 | 0 | – |
| Tian Zhaohua | Senior management | 259,000 | 310,000 | 51,000 | Exercise of stock options |
| Huang Xiaolong | Director, Senior management | 160,000 | 160,000 | 0 | – |
| Ma Junpeng | Senior management | 131,600 | 182,600 | 51,000 | Exercise of stock options |

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

| Name | Title | Number of shares held at the beginning of the reporting period | Number of shares held at the end of the reporting period | Increase/decrease of shareholding during the reporting period | Reasons for increase/decrease |
|----------------|---------------------------------|--|--|---|-------------------------------|
| Kang Dan | Senior management | 80,000 | 120,800 | 40,800 | Exercise of stock options |
| You Jiaqiang | Senior management | 0 | 0 | 0 | – |
| Wang JiuHong | Senior management | 80,000 | 120,800 | 40,800 | Exercise of stock options |
| Zhang Lei | Senior management | 0 | 0 | 0 | – |
| Zhu Qingrui | Director (resigned) | 0 | 0 | 0 | – |
| Tian Hui | Independent director (resigned) | 0 | 0 | 0 | – |
| Cai Chang | Independent director (resigned) | 0 | 0 | 0 | – |
| Poon Chiu Kowk | Independent director (resigned) | 0 | 0 | 0 | – |
| Qin Yanpo | Supervisor (resigned) | 0 | 0 | 0 | – |
| Deng Hui | Supervisor (resigned) | 0 | 0 | 0 | – |

Other explanations

- As at the disclosure date of this interim report, the number of shares held by the above directors and senior management has changed due to the implementation of distribution of bonus shares.
- As reviewed and approved at the second meeting of the ninth session of the Board of the Company held on 25 August 2023, the Company would buy back or cancel part of shares in proper time.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

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

Unit: shares

| Name | Title | Number of share options held at the beginning of the reporting period | Number of new share options granted during the reporting period | Exercisable share options during the reporting period | Share options exercised during the reporting period | Number of share options held at the end of the reporting period |
|---------------|-----------------------------|---|---|---|---|---|
| Xiao Yaomeng | Director, senior management | 51,000 | 0 | 51,000 | 51,000 | 0 |
| Zhao Qingchun | Senior management | 88,400 | 0 | 88,400 | 88,400 | 0 |
| Tian Zhaohua | Senior management | 51,000 | 0 | 51,000 | 51,000 | 0 |
| Ma Junpeng | Senior management | 51,000 | 0 | 51,000 | 51,000 | 0 |
| Kang Dan | Senior management | 40,800 | 0 | 40,800 | 40,800 | 0 |
| Wang JiuHong | Senior management | 40,800 | 0 | 40,800 | 40,800 | 0 |
| Total | / | 323,000 | 0 | 323,000 | 323,000 | 0 |

(III) Other explanations

Not applicable.

IV. CHANGES IN CONTROLLING SHAREHOLDER OR ACTUAL CONTROLLER

Not applicable.

(All financial data listed was prepared in accordance with CASs)

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

(I) Enterprise Bonds

Not applicable.

(II) Corporate Bonds

1. Basic information of corporate bonds

Unit: RMB100 million

| Name | Abbreviation | Code | Issue date | Interest starting date | Mature date | Balance | Interest rate (%) | Way to repay principal and interest | Trade location | Appropriate arrangement of the investors (if any) | Trade mechanism | Whether there is risk of listing termination |
|---|--------------------|--------|-----------------|------------------------|-----------------|---------|-------------------|--|-------------------------|---|---|--|
| 2012 Corporate Bond (second tranche) | 12 Yanzhou Coal 04 | 122272 | 3 March 2014 | 3 March 2014 | 3 March 2024 | 30.5 | 6.15 | Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal. | Shanghai Stock Exchange | Qualified investors | Bidding, quotation, inquiry and transaction agreement | No |
| 2020 Corporate Bond (first tranche) (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 |
| 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 Bonds (first tranche) (class 2) ^③ | 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 |

CHAPTER 8 BONDS – CONTINUED

| Name | Abbreviation | Code | Issue date | Interest starting date | Mature date | Balance | Interest rate (%) | Way to repay principal and interest | Trade location | Appropriate arrangement of the investors (if any) | Trade mechanism | Whether there is risk of listing termination |
|---|--------------------|--------|----------------|------------------------|----------------|---------|-------------------|--|-------------------------|---|---|--|
| 2021 Renewable Corporate Bond (second tranche) ^① | 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 |
| 2023 Corporate Bond (first tranche) (class 1) | 23 Yankuang 01 | 115406 | 25 May 2023 | 26 May 2023 | 26 May 2028 | 10 | 3.34 | 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 |
| 2023 Corporate Bond (first tranche) (class 2) | 23 Yankuang 02 | 115407 | 25 May 2023 | 26 May 2023 | 26 May 2033 | 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. | Shanghai Stock Exchange | Qualified investors | Bidding, quotation, inquiry and transaction agreement | No |
| 2023 Corporate Bond (second tranche) | 23 Yankuang 04 | 115544 | 15 June 2023 | 16 June 2023 | 16 June 2033 | 20 | 3.75 | 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.
- ③ 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.
- ④ 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 unpaid bonds

Not applicable.

Explanation of overdue debts

Not applicable.

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

Not applicable.

3. *Adjustments on credit rating results*

Not applicable.

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

Not applicable.

Other explanations

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

5. *Explanations on other corporate bonds*

Not applicable.

CHAPTER 8 BONDS – CONTINUED

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

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

Unit: RMB100 million

| Name | Abbreviation | Code | Issue date | Interest starting date | Mature date | Balance | Interest rate (%) | Way to repay principal and interest | Trade location | Appropriate arrangement of the investors (if any) | Trade mechanism | Whether there is risk of listing termination |
|---|----------------------------|-----------|------------------|------------------------|------------------|---------|-------------------|--|------------------------|---|---|--|
| 2021 Medium Term Note of Yanzhou Coal (first tranche) | 21 Yanzhou 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. | Inter-bank bond market | The institutional investors from the inter bank bond market | Circulation and transfer at the national inter bank bond market | No |
| 2021 Medium Term Note of Yanzhou Coal (second Tranche) ^① | 21 Yanzhou Coal MTN002 | 102103102 | 24 November 2021 | 26 November 2021 | 24 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. | Inter bank bond market | The institutional investors from the inter bank bond market | Circulation and transfer at the national inter bank bond market | No |
| 2022 Medium Term Note (first Tranche) (class 1) ^② | 22 Yankuang Energy MTN001A | 102281098 | 18 May 2022 | 20 May 2022 | 20 May 2025 | 25 | 3.28 | Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal. | Inter bank bond market | The institutional investors from the inter bank bond market | Circulation and transfer at the national inter bank bond market | No |
| 2022 Medium Term Note (first Tranche)(class 2) ^② | 22 Yankuang Energy MTN001B | 102281099 | 18 May 2022 | 20 May 2022 | 20 May 2027 | 5 | 3.71 | Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal. | Inter bank bond market | The institutional investors from the inter bank bond market | Circulation and transfer at the national inter bank bond market | No |
| 2022 Medium Term Note (second Tranche) ^② | 22 Yankuang Energy MTN002 | 102281229 | 8 June 2022 | 10 June 2022 | 10 June 2025 | 20 | 3.30 | Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal. | Interbank bond market | The institutional investors from the interbank bond market | Circulation and transfer at the national interbank bond market | No |
| 2023 Super-short Financing Note (first tranche) | 23 Yankuang Energy SCP001 | 012382261 | 15 June 2023 | 16 June 2023 | 13 December 2023 | 30 | 2.08 | The final interest paid together with the principal. | Inter-bank bond market | The institutional investors from the inter bank bond market | Circulation and transfer at the national inter bank bond market | No |

Notes:

- ① For 2021 Medium Term note of (second tranche), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.
- ② For 2022 Medium Term note of (first tranche) (class 1), 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.

- ③ For 2022 Medium Term note of (first tranche) (class 2), every five interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by five 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 2022 Medium Term note of (second tranche), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current 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.

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

Not applicable.

Overdue unpaid bonds

Not applicable.

Explanation of overdue debts

Not applicable.

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

Not applicable.

3. *Adjustments on credit rating results*

Not applicable.

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

Not applicable.

Other explanations

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

5. *Explanations on other conditions of non-financial corporate debt financing instruments*

Not applicable.

CHAPTER 8 BONDS – CONTINUED

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

Not applicable.

(V) Major Accounting Data and Financial Indicators

Unit: RMB0,000

| Main indicators | At | At | Increase/decrease at the end of the reporting period compared with the end of the previous year (%) |
|-------------------------|--------------|------------------|---|
| | 30 June 2023 | 31 December 2022 | |
| Current ratio | 0.99 | 1.06 | -6.60 |
| Liquidity ratio | 0.87 | 0.90 | -3.33 |
| Debt-to-asset ratio (%) | 61.75 | 56.75 | increased 5.01 percentage points |

| | January to | January to | Increase/decrease during the reporting period compared with that of the previous year |
|--|------------|------------|---|
| | June 2023 | June 2022 | |
| Net profit after deducting extraordinary gains or losses | 1,004,937 | 1,783,858 | -43.66 |
| Total debt to EBITDA ratio | 4.01 | 2.70 | 48.52 |
| Interest coverage ratio | 9.90 | 13.68 | -27.63 |
| Cash interest coverage ratio | 5.63 | 5.72 | -1.50 |
| EBITDA interest coverage ratio | 14.33 | 16.76 | -14.50 |
| Loan repayment ratio (%) | 100 | 100 | – |
| Interest coverage ratio (%) | 100 | 100 | – |

II. CONVERTIBLE CORPORATE BOND

Not applicable.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | NOTES | Six months ended 30 June | |
|--|-------|--------------------------------|--------------------------------|
| | | 2023 RMB'000 (unaudited) | 2022 RMB'000 (unaudited) |
| Gross sales of coal | | 51,466,462 | 61,281,948 |
| Railway transportation service income | | 232,469 | 189,189 |
| Gross sales of electricity and heat supply | | 1,711,864 | 1,647,382 |
| Gross sales of equipment manufacturing | | 176,747 | 184,367 |
| Gross sales of chemical products | | 11,813,065 | 11,972,472 |
| Total revenue | | 65,400,607 | 75,275,358 |
| Transportation costs | | (2,369,107) | (2,072,147) |
| Cost of sales and service provided | | (27,138,776) | (25,551,423) |
| Cost of electricity and heat supply | | (1,725,124) | (1,492,574) |
| Cost of equipment manufacturing | | (154,919) | (160,919) |
| Cost of chemical products | | (10,752,560) | (9,889,955) |
| Total cost of sales | | (42,140,486) | (39,167,018) |
| Gross profit | | 23,260,121 | 36,108,340 |
| Selling, general and administrative expenses | | (6,083,613) | (7,079,919) |
| Share of results of associates | | 614,357 | 1,213,143 |
| Share of results of joint ventures | | 28,144 | 268,423 |
| Other income and gains | | 1,214,752 | 2,090,311 |
| Finance costs | 5 | (1,646,990) | (2,341,181) |
| Profit before tax | 6 | 17,386,771 | 30,259,117 |
| Income taxes expenses | 7 | (4,489,826) | (7,613,640) |
| Profit for the period | | 12,896,945 | 22,645,477 |
| Attributable to: | | | |
| Equity holders of the Company | | 10,318,598 | 18,453,733 |
| Owners of perpetual capital securities | | 206,755 | 176,927 |
| Non-controlling interests | | | |
| – Other | | 2,371,592 | 4,014,817 |
| | | 12,896,945 | 22,645,477 |
| Earnings per share, basic | 9 | RMB2.08 | RMB 3.78 |
| Earnings per share, diluted | 9 | RMB2.08 | RMB 3.76 |

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | NOTES | Six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2023 RMB'000 (unaudited) | 2022 RMB'000 (unaudited) |
| Profit for the period | | 12,896,945 | 22,645,477 |
| 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") | | (57) | 32 |
| Income tax relating to item that will not be reclassified subsequently | | 14 | (8) |
| | | (43) | 24 |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Cash flow hedges: | | | |
| Cash flow hedge amount recognised in other comprehensive income | | (40,453) | (371,943) |
| Reclassification adjustments for amounts transferred to income statement | | – | 488,810 |
| Deferred taxes | | 12,136 | (35,060) |
| | | (28,317) | 81,807 |
| Share of other comprehensive income (expense) of associates | | 160,328 | (20,997) |
| Exchange difference arising on translation of foreign operations | | 795,139 | (40,837) |
| Other comprehensive income for the period | | 927,107 | 19,997 |
| Total comprehensive income for the period | | 13,824,052 | 22,665,474 |
| Attributable to: | | | |
| Equity holders of the Company | | 11,049,189 | 18,487,056 |
| Owners of perpetual capital securities | | 206,755 | 176,927 |
| Non-controlling interests | | 2,568,108 | 4,001,491 |
| | | 13,824,052 | 22,665,474 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

| | NOTES | 30 June 2023 RMB'000 (unaudited) | 31 December 2022 RMB'000 (audited) |
|--|-------|---|---|
| Current assets | | | |
| Bank balances and cash | 10 | 47,073,537 | 38,624,290 |
| Pledged term deposits | 10 | 523,949 | 472,134 |
| Restricted cash | 10 | 5,926,601 | 6,081,400 |
| Bills and accounts receivables | 11 | 12,374,669 | 11,059,940 |
| Royalty receivable | | 111,485 | 94,276 |
| Inventories | | 7,222,883 | 8,222,000 |
| Prepayments and other receivables | 12 | 22,601,028 | 19,208,187 |
| Long term receivables-due within one year | | 2,895,449 | 4,590,570 |
| Financial assets at fair value through profit or loss ("FVTPL") | | 1,245 | 1,437 |
| | | 98,730,846 | 88,354,234 |
| Assets classified as held for sale | | 56,093 | 8,061 |
| | | 98,786,939 | 88,362,295 |
| Non-current assets | | | |
| Intangible assets | | 71,597,670 | 72,604,936 |
| Property, plant and equipment | 13 | 79,500,036 | 82,430,170 |
| Right-of-use assets | 14 | 4,119,390 | 3,758,208 |
| Investment properties | | 1,471,730 | 1,471,730 |
| Construction in progress | | 15,744,358 | 13,555,090 |
| Prepayment for property, plant and equipment and intangible assets | | 14,558,289 | 15,139,750 |
| Goodwill | | 1,731,786 | 1,726,346 |
| Investments in securities | | 655,117 | 661,484 |
| Interests in associates | | 22,002,852 | 21,154,832 |
| Interests in joint ventures | | 1,259,480 | 1,174,917 |
| Long term receivables-due after one year | | 2,638,540 | 3,089,342 |
| Royalty receivable | | 957,104 | 1,004,040 |
| Deposits made on investments | | 531,854 | 434,416 |
| Deferred tax assets | | 2,397,410 | 2,035,947 |
| | | 219,165,616 | 220,241,208 |
| Total assets | | 317,952,555 | 308,603,503 |

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

AS AT 30 JUNE 2023

| | NOTES | 30 June 2023 RMB'000 (unaudited) | 31 December 2022 RMB'000 (audited) |
|--|-------|---|---|
| Current liabilities | | | |
| Bills and accounts payables | 15 | 21,249,910 | 26,441,537 |
| Other payables and accrued expenses | | 42,306,822 | 21,692,576 |
| Contract liabilities | | 4,529,451 | 4,833,680 |
| Provision for land subsidence, restoration, rehabilitation and environmental costs | 16 | 1,427,817 | 1,113,609 |
| Provision | | 55,573 | 59,738 |
| Amounts due to Parent Company and its subsidiaries | | 2,524,060 | 3,330,508 |
| Borrowings – due within one year | 17 | 23,568,531 | 15,350,317 |
| Financial liabilities at FVTPL | | 682,601 | 634,537 |
| Lease liabilities | 14 | 159,207 | 170,239 |
| Tax payable | | 2,715,386 | 10,072,075 |
| Long term payables – due within one year | | 326 | 584 |
| | | 99,219,684 | 83,699,400 |
| Non-current liabilities | | | |
| Provision for land subsidence, restoration, rehabilitation and environmental costs | 16 | 9,318,678 | 9,189,449 |
| Provision | | 702,979 | 776,250 |
| Borrowings – due after one year | 17 | 66,050,539 | 60,813,345 |
| Lease liabilities | 14 | 344,561 | 411,033 |
| Long term payables – due after one year | | 4,848,756 | 5,032,012 |
| Deferred tax liabilities | | 9,672,531 | 9,464,362 |
| | | 90,938,044 | 85,686,451 |
| Total liabilities | | 190,157,728 | 169,385,851 |
| Capital reserves | | | |
| Share capital | 18 | 4,961,360 | 4,948,704 |
| Reserves | 18 | 74,801,291 | 84,903,675 |
| Equity attributable to equity holders of the Company | | 79,762,651 | 89,852,379 |
| Owners of perpetual capital security | 19 | 11,379,189 | 13,248,614 |
| Non-controlling interests | | 36,652,987 | 36,116,659 |
| | | 127,794,827 | 139,217,652 |
| Total liabilities and equity | | 317,952,555 | 308,603,503 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | Attributable to equity holders of the Company | | | | | | | | | | | Perpetual Capital Securities issued by the Company | Non- controlling interests | Total |
|--|---|-----------------------------|-------------------------------|---|---|--|-----------------------------------|---|--|--|-------------------------------|--|----------------------------------|-------------|
| | Share capital RMB'000 (note 18) | Share premium RMB'000 | Capital reserve RMB'000 | Share-based compensation reserve RMB'000 | Future development fund RMB'000 (note 18) | Statutory common reserve fund RMB'000 | Translation reserve RMB'000 | Investment revaluation reserve RMB'000 | Cash flow hedge reserve RMB'000 | Retained earnings RMB'000 (note 18) | Total RMB'000 (note 18) | | | |
| At 1 January 2022 (audited) | 4,874,184 | 2,880,988 | (169,297) | 40,931 | 969,450 | 7,769,867 | (8,187,691) | 209,368 | (270,288) | 60,540,148 | 88,657,660 | 8,118,100 | 31,180,726 | 107,956,486 |
| Profit for the period (unaudited) | - | - | - | - | - | - | - | - | - | 18,453,733 | 18,453,733 | 176,927 | 4,014,817 | 22,645,477 |
| Other comprehensive income (expenses) | | | | | | | | | | | | | | |
| - Fair value change of financial assets at FVTOCI | - | - | - | - | - | - | - | 24 | - | - | 24 | - | - | 24 |
| - Cash flow hedge reserve recognised | - | - | - | - | - | - | - | - | 50,933 | - | 50,933 | - | 30,874 | 81,807 |
| - Share of other comprehensive income of associates | - | - | - | - | - | - | - | (20,997) | - | - | (20,997) | - | - | (20,997) |
| - Exchange differences arising on translation of foreign operations | - | - | - | - | - | - | 3,363 | - | - | - | 3,363 | - | (44,200) | (40,837) |
| Total comprehensive income (expense) for the period (unaudited) | - | - | - | - | - | - | 3,363 | (20,973) | 50,933 | 18,453,733 | 18,487,056 | 176,927 | 4,001,491 | 22,665,474 |
| Transactions with owners (unaudited) | | | | | | | | | | | | | | |
| - Issuance of perpetual capital securities | - | - | - | - | - | - | - | - | - | - | - | 4,990,400 | - | 4,990,400 |
| - Distribution paid to holders of perpetual capital securities | - | - | - | - | - | - | - | - | - | - | - | (213,029) | - | (213,029) |
| - Issue of shares upon exercise of share option | 74,520 | 756,022 | (723,593) | (23,625) | - | - | - | - | - | - | 83,324 | - | - | 83,324 |
| - Recognition of equity-settled share based payments | - | - | - | 135,067 | - | - | - | - | - | - | 135,067 | - | 7,173 | 142,240 |
| - Transactions with non-controlling interests | - | - | 30,123 | - | - | - | - | - | - | - | 30,123 | - | 19,389 | 49,512 |
| - Dividend to non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | - | (2,525,247) | (2,525,247) |
| - Dividend | - | - | - | - | - | - | - | - | (9,897,407) | (9,897,407) | - | - | - | (9,897,407) |
| Transactions with owners (unaudited) | 74,520 | 756,022 | (683,470) | 111,442 | - | - | - | - | (9,897,407) | (9,648,693) | 4,777,371 | (2,498,685) | (7,370,207) | |
| At 30 June 2022 (unaudited) | 4,948,704 | 3,637,010 | (862,767) | 152,373 | 969,450 | 7,769,867 | (8,184,328) | 188,395 | (219,355) | 69,096,474 | 77,495,823 | 13,072,398 | 32,683,532 | 123,251,753 |

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | Attributable to equity holders of the Company | | | | | | | | | | | Perpetual Capital Securities issued by the Company | Non- controlling interests | Total | |
|---|---|------------------|--------------------|--|-------------------------------|-------------------------------------|------------------------|--------------------------------------|-------------------------------|----------------------|--------------|--|----------------------------------|--------------|---------|
| | Share capital | Share premium | Capital reserve | Share-based compensation reserve | Future development fund | Statutory common reserve fund | Translation reserve | Investment revaluation reserve | Cash flow hedge reserve | Retained earnings | Total | | | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (note 18) | | | | (note 18) | | | | | (note 18) | | (note 19) | | | |
| At 1 January 2023 (audited) | 4,948,704 | 3,637,010 | (854,583) | 314,405 | 969,450 | 7,769,867 | (7,754,347) | 34,647 | (263,053) | 81,050,279 | 89,852,379 | 13,248,614 | 36,116,659 | 139,217,652 | |
| Profit for the period (unaudited) | - | - | - | - | - | - | - | - | - | 10,318,598 | 10,318,598 | 206,755 | 2,371,592 | 12,896,945 | |
| Other comprehensive income (expenses) | | | | | | | | | | | | | | | |
| - Fair value change of financial assets at FVTOCI | - | - | - | - | - | - | - | (43) | - | - | (43) | - | - | (43) | |
| - Cash flow hedge reserve recognised | - | - | - | - | - | - | - | - | (34,114) | - | (34,114) | - | 5,797 | (28,317) | |
| - Share of other comprehensive income of associates | - | - | - | - | - | - | - | 160,328 | - | - | 160,328 | - | - | 160,328 | |
| - Exchange differences arising on translation of foreign operations | - | - | - | - | - | - | 604,420 | - | - | - | 604,420 | - | 190,719 | 795,139 | |
| Total comprehensive income (expense) for the period (unaudited) | - | - | - | - | - | - | 604,420 | 160,285 | (34,114) | 10,318,598 | 11,049,189 | 206,755 | 2,568,108 | 13,824,052 | |
| Transactions with owners (unaudited) | | | | | | | | | | | | | | | |
| - Redemption of perpetual capital securities | - | - | - | - | - | - | - | - | - | - | - | (1,696,600) | - | (1,696,600) | |
| - Distribution paid to holders of perpetual capital securities | - | - | - | - | - | - | - | - | - | - | - | (379,580) | - | (379,580) | |
| - Issue of shares upon exercise of share option | 12,656 | 86,664 | - | (42,111) | - | - | - | - | - | - | 57,209 | - | - | 57,209 | |
| - Recognition of equity-settled share based payments | - | - | - | 142,954 | - | - | - | - | - | - | 142,954 | - | 608 | 143,562 | |
| - Transactions with non-controlling interests | - | - | (5,230) | - | - | - | - | - | - | - | (5,230) | - | 378,386 | 373,156 | |
| - Dividends to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (2,410,774) | (2,410,774) | |
| - Dividends | - | - | - | - | - | - | - | - | - | (21,333,850) | (21,333,850) | - | - | (21,333,850) | |
| Total transactions with owners (unaudited) | 12,656 | 86,664 | (5,230) | 100,843 | - | - | - | - | - | (21,333,850) | (21,138,917) | (2,076,180) | (2,031,780) | (25,246,877) | |
| At 30 June 2023 (unaudited) | 4,961,360 | 3,723,674 | (859,813) | 415,248 | 969,450 | 7,769,867 | (7,149,927) | 194,932 | (297,167) | 70,035,027 | 79,762,651 | 11,379,189 | 36,652,987 | 127,794,827 | |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | Six months ended 30 June | |
|--|--------------------------|------------------------|
| | 2023 | 2022 |
| | RMB'000 (unaudited) | RMB'000 (unaudited) |
| NET CASH FROM OPERATING ACTIVITIES | 5,095,644 | 25,112,369 |
| INVESTING ACTIVITIES | | |
| Withdrawal (placement) of restricted cash | 154,799 | (1,318,637) |
| Placement of pledged term deposits | (51,815) | – |
| Investment in an associate | (40,819) | (24,000) |
| Purchase of intangible assets | (246,758) | (88,147) |
| Purchase of property, plant and equipment and right of use assets, and payments to construction in progress | (4,709,527) | (3,447,830) |
| Proceeds on disposal of property, plant and equipment | 224,835 | 72,738 |
| Increase in deposit paid for acquisition of property, plant and equipment | (1,189,700) | (67,721) |
| Dividend income received from associates | 217,849 | 171,534 |
| Decrease in long term and loan receivables | 306,401 | 2,361,622 |
| Payments for acquisition of subsidiaries | (16,790) | (17,900) |
| Other investing activities | (114,724) | (114,713) |
| NET CASH USED IN INVESTING ACTIVITIES | (5,466,249) | (2,473,054) |

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

| | Six months ended 30 June | |
|---|--------------------------|---------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| FINANCING ACTIVITIES | | |
| Distribution paid to holders of perpetual capital securities and subordinated capital notes | (379,580) | (213,029) |
| Payment of lease liabilities | (284,475) | (419,020) |
| Proceeds from issuance of shares | 57,209 | 806,917 |
| Proceeds from borrowings | 18,342,999 | 12,974,527 |
| Proceeds from issuance of perpetual capital securities | – | 4,990,400 |
| Repayments of borrowings | (13,379,465) | (8,180,901) |
| Dividend paid to non-controlling shareholders | (2,410,774) | (2,525,247) |
| Repayment of guaranteed notes | – | (7,656,980) |
| Proceeds from corporate bond | 8,321,096 | – |
| Redemption of perpetual capital securities | (1,696,600) | – |
| Decrease in customers' deposits for financing business received | (889,703) | (12,693,018) |
| Contribution from non-controlling interests | 373,156 | 49,512 |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | 8,053,863 | (12,866,839) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 7,683,258 | 9,772,476 |
| CASH AND CASH EQUIVALENTS, AT BEGINNING OF THE PERIOD | 38,624,290 | 40,044,795 |
| Effect of foreign exchange rate | 765,989 | 178,925 |
| CASH AND CASH EQUIVALENTS, AT END OF THE PERIOD, represented by bank balances and cash | 47,073,537 | 49,996,196 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. GENERAL

Yankuang Energy Group Company Limited (the “Company”) is established as a joint stock company with limited liability in the People’s Republic of China (the “PRC”). In April 2001, the status of the Company was changed to that of a Sino-foreign joint stock limited company. The Company’s A shares are listed on the Shanghai Stock Exchange (“SSE”) and its H shares are listed on The Stock Exchange of Hong Kong Limited (the “HKEX”). The Company’s parent and ultimate holding company is Shandong Energy Group Company Limited (the “Parent Company”), a state-owned enterprise in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the Group Profile and General Information section of the interim report.

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

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

2. BASIS OF PREPARATION

The condensed consolidated financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 June 2023 has been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the HKEX.

The condensed consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities of approximately RMB432,745,000 as at 30 June 2023.

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 30 June 2023 by taking into consideration the followings:

- The directors of the Company anticipate that the Group will generate positive cash flows from its operations; and
- The undrawn borrowings facilities available for immediate use

Based on the above, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations when they fall due for the next twelve months from 30 June 2023. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2022, except as described below.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to International Financial Reporting Standards ("IFRS") and the following new amendments to IFRSs issued by the IASB, which are effective for the financial year beginning on 1 January 2023:

| | |
|---|--|
| IFRS 17 and related amendments | Insurance Contracts |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| Amendment to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Amendments to IAS 12 | International Tax Return-Pillar Two Model Rules |

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

4. SEGMENT INFORMATION

The Group is engaged primarily in the mining business. The Group is also engaged in the smart logistics business. The Company does not currently have direct export rights in the PRC and all of its export sales is made through China National Coal Industry Import and Export Corporation ("National Coal Corporation"), Minmetals Trading Co., Ltd. ("Minmetals Trading") or Shanxi Coal Imp. & Exp. Group Corp. ("Shanxi Coal Corporation"). The final customer destination of the Company's export sales is determined by the Company, National Coal Corporation, Minmetals Trading or Shanxi Coal Corporation. The exploitation right of the Group's foreign subsidiaries is not restricted. Certain of the Company's subsidiaries and associates are engaged in manufacturing and trading of mining machinery and transportation business via rivers and lakes and provision of financial service in PRC. No separate segment information about these businesses is presented in these financial statements as the underlying gross revenue, results and assets of these businesses are not significant to the Group. Upon the acquisition of Yankuang Donghua Heavy Industry Limited ("Donghua") in 2016, the Group is also engaged in the manufacturing of comprehensive coal mining and excavating equipment. In addition, certain of the Company's subsidiaries are engaged in production of methanol and other chemical products, and provision of heat and electricity.

4. SEGMENT INFORMATION – CONTINUED

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

For management purposes, the Group is currently organised into five operating divisions-coal mining, smart logistics, electricity and heat supply, equipment manufacturing and chemical products. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:

| | | |
|-----------------------------|---|---|
| Coal mining | – | Underground and open-cut mining, preparation and sales of coal and potash mineral exploration |
| Smart logistics | – | Provision of transportation services |
| Electricity and heat supply | – | Provision of electricity and related heat supply services |
| Equipment manufacturing | – | Manufacturing of comprehensive coal mining and excavating equipment |
| Chemical products | – | Production and sales of chemical products |

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

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

4. SEGMENT INFORMATION – CONTINUED

(a) Segment revenues and results

Segment information about these businesses is presented below:

| | For the six months ended 30 June 2023 | | | | | | | |
|------------------------------------|--|--|---|--|--|---------------------------------------|--|--|
| | Coal mining RMB'000 (unaudited) | Smart logistics RMB'000 (unaudited) | Electricity and heat supply RMB'000 (unaudited) | Equipment manufacturing RMB'000 (unaudited) | Chemical products RMB'000 (unaudited) | Unallocated RMB'000 (unaudited) | Eliminations RMB'000 (unaudited) | Consolidated RMB'000 (unaudited) |
| SEGMENT REVENUE | | | | | | | | |
| External | 51,466,462 | 232,469 | 1,711,864 | 176,747 | 11,813,065 | - | - | 65,400,607 |
| Inter-segment | 5,487,477 | - | - | 793,821 | 5,099,029 | - | (11,380,327) | - |
| Total | 56,953,939 | 232,469 | 1,711,864 | 970,568 | 16,912,094 | - | (11,380,327) | 65,400,607 |
| RESULTS | | | | | | | | |
| Segment results | 18,139,006 | 113,140 | (67,480) | 10,837 | 580,667 | - | - | 18,776,170 |
| Unallocated corporate expenses | | | | | | | | (3,064,090) |
| Unallocated corporate income | | | | | | | | 1,825,732 |
| Interest income | | | | | | | | 853,448 |
| Share of results of associates | 33,278 | 55,384 | 62,871 | - | - | 462,824 | - | 614,357 |
| Share of results of joint ventures | 28,144 | - | - | - | - | - | - | 28,144 |
| Finance costs | | | | | | | | (1,646,990) |
| Profit before tax | | | | | | | | 17,386,771 |
| Income tax expenses | | | | | | | | (4,489,826) |
| Profit for the period | | | | | | | | 12,896,945 |

4. SEGMENT INFORMATION – CONTINUED

(a) Segment revenues and results – CONTINUED

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

5. FINANCE COSTS

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Interest expenses on: | | |
| – Bank and other borrowings | 1,763,906 | 2,398,761 |
| – Lease liabilities | 30,806 | 28,921 |
| | 1,794,712 | 2,427,682 |
| Less: interest expenses capitalised into construction in progress | (147,722) | (86,501) |
| | 1,646,990 | 2,341,181 |

6. PROFIT BEFORE TAX

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Profit before tax has been arrived at after charging (crediting): | | |
| Amortisation of intangible assets | 1,506,528 | 2,488,371 |
| Depreciation of property, plant and equipment | 4,424,666 | 5,503,329 |
| Depreciation of right-of-use assets | 163,932 | 202,820 |
| Interest income | (853,448) | (955,732) |
| Gain on change in fair value of investment securities at FVTPL | (26,303) | (28,290) |
| Gain on disposal of property, plant and equipment, net | (5,190) | (18,263) |
| Impairment loss (reversal of impairment loss) recognised in respect of inventories | 2,007 | (295) |
| Exchange gain, net | (178,144) | (243,849) |
| Reversal of impairment loss on bills, accounts and other receivables, net | (16,440) | (41,030) |

7. INCOME TAX EXPENSES

| | Six months ended 30 June | |
|----------------|--------------------------|------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Income taxes: | | |
| Current taxes | 4,773,015 | 7,135,151 |
| Deferred taxes | (283,189) | 478,489 |
| | 4,489,826 | 7,613,640 |

8. DIVIDEND

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| 2022 final dividend, RMB43.0 per 10 shares (2022: 2021 final dividend, RMB2.00 per share) | 21,333,850 | 9,897,407 |

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

Pursuant to the annual general meeting held on 30 June 2023, a final dividend and special dividend of RMB30.7 per 10 shares and RMB12.3 per 10 shares respectively in respect of the year ended 31 December 2022 were approved.

9. EARNINGS PER SHARE

For the period ended 30 June 2022

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

For the purpose of computation of diluted earnings per share for the six months ended 30 June 2022, the Company had taken into consideration the dilutive effects of the share options issued by the Company. The diluted earnings per share for the six months ended 30 June 2022 approximate the basic earnings per share. The shares issuable under the share incentive scheme of a non-wholly-owned listed subsidiary had an anti-dilutive effect on the Company's earnings per share for the six months ended 30 June 2022.

9. EARNINGS PER SHARE – CONTINUED

For the period ended 30 June 2023

The calculation of the basic earnings per share attributable to equity holders of the Company for the six months ended 30 June 2023 is based on the profit for the period of approximately RMB10,318,598,000 and on the weighted average of 4,953,459,000 shares in issue during the six months ended 30 June 2023.

The calculation of the diluted earnings per share for the period ended 30 June 2023 is based on the profit for the period attributable to equity holders of the Company with an adjustment on effect of dilutive share incentive scheme of a non-wholly owned listed subsidiary.

For the period ended 30 June 2023, the number of ordinary shares used in the calculation of diluted earnings per share is the weighted average number of ordinary shares in issue during the period as used in the basic earnings per share calculation and adjusted for the effect of potential ordinary shares from the Company's share options.

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

| Earnings | RMB'000 |
|--|-------------------------|
| Profit for the period attributable to equity holders of the parent, used in the basic earnings per share calculation | 10,318,598 |
| Adjustment to the share of profit of a subsidiary based on dilution of their earnings | (14,184) |
| Earnings for the purpose of diluted earnings per share | <u>10,304,414</u> |
| | Number of shares |
| | ('000) |
| Shares | |
| Weighted average number of ordinary shares in issue used in the basic earnings per share calculation | 4,953,459 |
| Effect of dilutive potential ordinary shares: | |
| Share options | 5,438 |
| Weighted average number of ordinary shares used in the diluted earnings per share calculation | <u>4,958,897</u> |

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

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

11. BILLS AND ACCOUNTS RECEIVABLES

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| Accounts receivables (at amortised cost) | 7,274,076 | 6,897,000 |
| Less: Impairment loss | (349,531) | (339,187) |
| | 6,924,545 | 6,557,813 |
| Bills receivables (at FVTOCI) | 5,451,454 | 4,503,471 |
| Less: Impairment loss | (1,330) | (1,344) |
| Total bills and accounts receivables, net | 12,374,669 | 11,059,940 |

Bills receivable represents unconditional orders in writing issued by or negotiated from customers of the Group for completed sale orders which entitle the Group to collect a sum of money from banks or other parties. The bills are non-interest bearing and have an average maturity of six months.

At as 30 June 2023, the gross amount of bills and accounts receivable arising from contracts with customers amounted to approximately RMB12,725,530,000 (31 December 2022: RMB11,400,471,000).

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

11. BILLS AND ACCOUNTS RECEIVABLES – CONTINUED

The following is an aged analysis of bills and accounts receivables, net of allowance for impairment, presented based on the invoice dates, which approximates the respective revenue recognition dates, at the end of the reporting period:

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|--------------|--|--|
| 0-90 days | 8,278,282 | 7,284,787 |
| 91-180 days | 2,036,094 | 1,813,455 |
| 181-365 days | 920,382 | 1,180,309 |
| Over 1 year | 1,139,911 | 781,389 |
| | 12,374,669 | 11,059,940 |

An analysis of the impairment loss on bills and accounts receivables for the period/year ended 30 June 2023 and 31 December 2022 are as follows:

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|--------------------------------------|--|--|
| At the beginning of the period/year | 340,531 | 506,032 |
| Amounts written off as uncollectible | – | (17,936) |
| Provided for the period/year | 31,460 | 7,557 |
| Impairment loss reversed | (21,130) | (155,122) |
| At the end of the period/year | 350,861 | 340,531 |

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.

12. PREPAYMENTS AND OTHER RECEIVABLES

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| Advance to suppliers | 4,664,278 | 4,159,277 |
| Less: Impairment loss on advance to suppliers | (30,737) | (30,737) |
| | 4,633,541 | 4,128,540 |
| Prepaid relocation costs of inhabitants | 5,519,818 | 5,224,276 |
| Other taxes | 377,723 | 913,517 |
| Dividend receivables | 210,312 | 220,311 |
| Loan receivables | 7,142,197 | 5,345,064 |
| Interest receivable | 46,677 | 36,063 |
| Other receivables | 7,474,683 | 6,171,109 |
| Less: Impairment loss on other receivables | (2,803,923) | (2,830,693) |
| | 22,601,028 | 19,208,187 |

- (i) An analysis of the impairment loss on advances to suppliers for the period/year ended 30 June 2023 and 31 December 2022 are as follows:

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|-------------------------------------|--|--|
| At the beginning of the period/year | 30,737 | 30,397 |
| Provided for the period/year | – | 340 |
| At the end of the period/year | 30,737 | 30,737 |

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.

12. PREPAYMENTS AND OTHER RECEIVABLES – CONTINUED

- (ii) An analysis of the impairment loss on other receivables for the period/year ended 30 June 2023 and 31 December 2022 are as follows:

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| At the beginning of the period/year | 2,830,693 | 2,826,470 |
| Provided for the period/year | 54,879 | 133,781 |
| Impairment loss reversed | (81,649) | (66,660) |
| Impairment written off as uncollectible | – | (62,898) |
| At the end of the period/year | 2,803,923 | 2,830,693 |

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired items of property, plant and equipment with a cost of approximately RMB103,537,000 (year ended 31 December 2022: approximately RMB7,602,798,000). Items of property, plant and equipment with a net book value of approximately RMB219,645,000 were disposed of during the six months ended 30 June 2023 (year ended 31 December 2022: approximately RMB457,308,000), resulting in gain on disposals of approximately RMB5,190,000 (year ended 31 December 2022: gain on disposals of approximately RMB18,263,000). Items of property, plant and equipment with a net book value of approximately RMB1,347,604,000 was transferred from construction in progress during the six months ended 30 June 2023 (year ended 31 December 2022: approximately RMB8,365,673,000 and RMB844,453,000 was transferred from construction in progress and right-of-use assets respectively).

14. LEASES

(i) Right-of-use assets

As at 30 June 2023, the carrying amounts of right-of-use assets were approximately RMB949,000, RMB3,449,740,000 and RMB668,701,000 (31 December 2022: approximately RMB1,681,000, RMB3,012,032,000 and RMB744,495,000) in respect of the properties leased under operating leases, land use right and plant and equipment under finance leases.

During the six months ended 30 June 2023, the Group entered into a number of lease agreements for the properties leased under operating leases, land use right and plant and equipment under finance leases and on lease commencement, the Group recognised right-of-use assets of approximately RMB206,971,000.

14. LEASES – CONTINUED

(ii) Lease liabilities

As at 30 June 2023, the carrying amount of lease liabilities was approximately RMB503,768,000 (31 December 2022: RMB581,272,000). During the six months ended 30 June 2023, the Group entered into a number of new lease agreements and recognised lease liabilities of approximately RMB206,971,000.

(iii) Amounts recognised in profit or loss

| | Six months ended 30 June 2023 RMB'000 (unaudited) | Six months ended 30 June 2022 RMB'000 (audited) |
|---|---|---|
| Depreciation expense on right-of-use assets | 163,932 | 202,820 |
| Interest expense on lease liabilities | 30,806 | 28,921 |

(iii) Total cash outflow for lease

During the six months ended 30 June 2023, the total cash outflow for leases amount to approximately RMB284,475,000 (2022: approximately RMB419,020,000).

15. BILLS AND ACCOUNTS PAYABLES

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|-------------------|--|--|
| Accounts payables | 10,413,135 | 15,658,896 |
| Bills payables | 10,836,775 | 10,782,641 |
| | 21,249,910 | 26,441,537 |

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

15. BILLS AND ACCOUNTS PAYABLES – CONTINUED

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

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|----------------|--|--|
| 0 – 90 days | 11,770,335 | 16,003,324 |
| 91 – 180 days | 2,729,353 | 3,710,916 |
| 181 – 365 days | 2,558,768 | 3,478,983 |
| Over 1 year | 4,191,454 | 3,248,314 |
| | 21,249,910 | 26,441,537 |

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

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

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| At the beginning of the period/year | 10,303,058 | 4,659,123 |
| Exchange re-alignment | 278,644 | 93,182 |
| Additional provision in the period/year | 242,134 | 5,665,930 |
| Utilisation of provision | (77,341) | (115,177) |
| At the end of the period/year | 10,746,495 | 10,303,058 |
| Presented as: | | |
| Current portion | 1,427,817 | 1,113,609 |
| Non-current portion | 9,318,678 | 9,189,449 |
| | 10,746,495 | 10,303,058 |

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.

17. BORROWINGS

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|--------------------------------|--|--|
| Current liabilities | | |
| Bank borrowings | | |
| – Unsecured borrowings (i) | 5,653,332 | 5,777,026 |
| – Secured borrowings (ii) | 5,259,494 | 5,797,498 |
| Guaranteed notes (iii) | 9,655,830 | 3,475,868 |
| Corporate bonds (iv) | 2,999,875 | 299,925 |
| | 23,568,531 | 15,350,317 |
| Non-current liabilities | | |
| Bank borrowings | | |
| – Unsecured borrowings (i) | 28,292,180 | 21,413,300 |
| – Secured borrowing (ii) | 14,799,751 | 16,810,794 |
| Guaranteed notes (iii) | 5,151,209 | 11,117,882 |
| Corporate bonds (iv) | 14,678,008 | 9,674,525 |
| Other secured borrowings | 3,129,391 | 1,796,844 |
| | 66,050,539 | 60,813,345 |
| Total borrowings | 89,619,070 | 76,163,662 |

(i) Unsecured borrowings are repayable as follows:

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| Within one year | 5,653,332 | 5,777,026 |
| More than one year, but not exceeding two years | 5,905,300 | 13,989,300 |
| More than two years, but not more than five years | 18,211,880 | 3,041,000 |
| More than five years | 4,175,000 | 4,383,000 |
| | 33,945,512 | 27,190,326 |

17. BORROWINGS – CONTINUED

(ii) Secured borrowings are repayable as follows:

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| Within one year | 5,259,494 | 5,797,498 |
| More than one year, but not exceeding two years | 1,197,847 | 8,105,541 |
| More than two years, but not more than five years | 5,930,422 | 6,263,360 |
| More than five years | 7,671,482 | 2,441,893 |
| | 20,059,245 | 22,608,292 |

(iii) Guaranteed notes are detailed as follows:

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|--|--|--|
| Guaranteed notes denominated in RMB repayable within one year | 6,045,600 | – |
| Guaranteed notes denominated in USD repayable within one year | 3,610,230 | 3,475,868 |
| Guaranteed notes denominated in RMB repayable within one to two years | 1,997,000 | 6,042,875 |
| Guaranteed notes denominated in USD repayable within one to two years | 2,155,759 | 2,080,307 |
| Guaranteed notes denominated in RMB repayable within two to five years | 998,450 | 2,994,700 |
| | 14,807,039 | 14,593,750 |

(iv) Corporate bonds are detailed as follows:

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| Bonds denominated in RMB repayable within one year | 2,999,875 | 299,925 |
| Bonds denominated in RMB repayable within one to two years | 4,193,075 | 3,497,900 |
| Bonds denominated in RMB repayable within two to five years | 999,833 | 4,191,125 |
| Bonds denominated in RMB repayable after five years | 9,485,100 | 1,985,500 |
| | 17,677,883 | 9,974,450 |

18. SHAREHOLDERS' EQUITY

Share capital

The Company's share capital structure at the reporting date is as follows:

| | Domestic invested shares A shares | Foreign invested shares H shares | Total |
|--|---|--|------------------|
| Number of shares | | | |
| At 1 January 2022 (audited) | 2,974,184,060 | 1,900,000,000 | 4,874,184,060 |
| Issue of shares upon exercise of share options (note i) | 12,779,580 | – | 12,779,580 |
| Issue of shares under the restricted share incentive scheme (note i) | 61,740,000 | – | 61,740,000 |
| At 31 December 2022 (audited) | 3,048,703,640 | 1,900,000,000 | 4,948,703,640 |
| Issue of shares upon exercise of share options (note i) | 12,656,840 | – | 12,656,840 |
| At 30 June 2023 (unaudited) | 3,061,360,480 | 1,900,000,000 | 4,961,360,480 |
| | 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 2022 (audited) | 2,974,184 | 1,900,000 | 4,874,184 |
| Issue of shares upon exercise of share options (note i) | 12,780 | – | 12,780 |
| Issue of shares under the restricted share incentive scheme (note i) | 61,740 | – | 61,740 |
| At 31 December 2022 (audited) | 3,048,704 | 1,900,000 | 4,948,704 |
| Issue of shares upon exercise of share options (note i) | 12,656 | – | 12,656 |
| At 30 June 2023 (unaudited) | 3,061,360 | 1,900,000 | 4,961,360 |

Each share has a par value of RMB1.

Note:

- (i) During the six months ended 30 June 2023, 12,656,840 ordinary shares of RMB1 each were issued upon the exercise of share options (year ended 31 December 2022: 12,779,580 and 61,740,000 ordinary shares of RMB1 each were issued upon the exercise of share options and under the Restricted Share Incentive Scheme respectively). The total consideration was approximately RMB57,209,000 (year ended 31 December 2022: RMB806,916,000) and resulted in the increase in share capital and share premium of approximately RMB12,656,000 and RMB86,664,000 (year ended 31 December 2022: RMB74,520,000 and RMB756,022,000) respectively. The share-based compensation reserve has been decreased by approximately RMB42,111,000 (year ended 31 December 2022: RMB23,625,000) and was transferred to share premium.

18. 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 Tianchi RMB30 per tonne of raw coal mined from 1 October 2013 onwards, Xintai and Ordos RMB15 per tonne of raw coal mined from 1 February 2012 onwards, Shaanxi Future Energy and Inner Mongolia Mining RMB15 per tonne of raw coal mined) for each tonne of raw coal mined which will be used for enhancement of safety production environment and improvement of facilities ("Work Safety Cost"). In prior years, the work safety expenditures are recognised only when acquiring the assets or incurring other work safety expenditures. The Company, Heze, Shanxi Tianchi, Xintai and Ordos make appropriation to the future development fund in respect of unutilised Work Safety Cost from 2008 onwards.

In accordance with the regulations of the State Administration of Work Safety, the Company's subsidiaries, Hua Ju Energy, Shanxi Tianhao and Yulin, have a commitment to incur Work Safety Cost at the rate of: 4% of the actual sales income for the year below RMB10 million; 2% of the actual sales income for the year between RMB10 million and RMB100 million (included); 0.5% of the actual sales income for the year between RMB100 million and RMB1 billion (included); 0.2% of the actual sales income for the year above RMB1 billion.

18. SHAREHOLDERS' EQUITY – CONTINUED

Reserves – Continued

Statutory Common Reserve Fund

The Company and its subsidiaries in the PRC have to set aside 10% of its profit for the statutory common reserve fund (except where the fund has reached 50% of its registered capital). The statutory common reserve fund can be used for the following purposes:

- to make good losses of the previous years; or
- to convert into capital, provided such conversion is approved by a resolution at a shareholders' general meeting and the balance of the statutory common reserve fund does not fall below 25% of the registered capital.

Retained earnings

In accordance with the Company's Articles of Association, the profit for the purpose of appropriation will be deemed to be the lesser of the amounts determined in accordance with (i) PRC accounting standards and regulations and (ii) IFRS or the accounting standards of the places in which its shares are listed.

As at 30 June 2023, the distributable reserve of the Company is approximately RMB28,362,648,000 (31 December 2022: approximately RMB41,793,364,000).

19. PERPETUAL CAPITAL SECURITIES

| | RMB'000 |
|--|-------------------|
| At 1 January 2022 (audited) | 8,118,100 |
| Issuance of perpetual capital security | 4,990,400 |
| Dividend to holders of perpetual capital security | 461,944 |
| Distribution paid to holders of perpetual capital security | (321,830) |
| At 31 December 2022 and 1 January 2023 (audited) | 13,248,614 |
| Redemption of perpetual capital security | (1,696,600) |
| Dividend to holders of perpetual capital security | 206,755 |
| Distribution paid to holders of perpetual capital security | (379,580) |
| At 30 June 2023 (unaudited) | 11,379,189 |

19. PERPETUAL CAPITAL SECURITIES – CONTINUED

- (i) 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. During for six months ended 30 June 2023, the Group has redeemed one of the perpetual securities with par value RMB1,700,000,000, at their principal amount.
- (ii) 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.
- (iii) 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.
- (iv) The Company issued 3.28% and 3.71% 2022 perpetual capital securities with par value RMB2,500,000,000 and RMB500,000,000 respectively, on 19 May 2022. Coupon payments of 3.28% and 3.71% per annum on the perpetual capital securities are paid once a year. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.

19. PERPETUAL CAPITAL SECURITIES – CONTINUED

- (v) The Company issued 3.30% perpetual capital securities with par value RMB2,000,000,000 on 8 June 2022. Coupon payments of 3.30% per annum on the perpetual capital securities are paid once a year. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.

20. FAIR VALUES

The fair value of listed equity investment is determined with reference to quoted market price. The fair values of interest rate swap are estimated based on the discounted cash flows between the contract forward rate and spot forward rate. The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

The following table presents the carrying value of financial instruments measured at fair value across the three levels of the fair value hierarchy:

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

20. FAIR VALUES – CONTINUED

| | | | | At 30 June 2023 |
|--|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| | Level 1 RMB'000 (unaudited) | Level 2 RMB'000 (unaudited) | Level 3 RMB'000 (unaudited) | Total RMB'000 (unaudited) |
| Assets | | | | |
| Financial assets at FVTPL | | | | |
| – Unlisted equity investments | – | – | 528,409 | 528,409 |
| – Royalty receivable | – | – | 1,068,589 | 1,068,589 |
| – Unlisted debt investments | 1,245 | – | – | 1,245 |
| Financial assets at FVTOCI | | | | |
| – Bill receivables | – | – | 5,450,124 | 5,450,124 |
| – Investments in securities listed on the SSE | 385 | – | – | 385 |
| – Unlisted equity securities | – | – | 126,323 | 126,323 |
| | 1,630 | – | 7,173,445 | 7,175,075 |
| Liabilities | | | | |
| Financial liabilities at FVTPL | | | | |
| – Derivative financial instruments | – | 682,601 | – | 682,601 |
| At 31 December 2022 | | | | |
| | Level 1 RMB'000 (audited) | Level 2 RMB'000 (audited) | Level 3 RMB'000 (audited) | Total RMB'000 (audited) |
| Assets | | | | |
| Financial assets at FVTPL | | | | |
| – Unlisted equity investments | – | – | 534,721 | 534,721 |
| – Royalty receivable | – | – | 1,098,316 | 1,098,316 |
| – Unlisted debt investments | 1,437 | – | – | 1,437 |
| Financial assets at FVTOCI | | | | |
| – Bill receivables | – | – | 4,502,127 | 4,502,127 |
| – Investments in securities listed on the SSE | 441 | – | – | 441 |
| – Unlisted equity securities | – | – | 126,322 | 126,322 |
| | 1,878 | – | 6,261,486 | 6,263,364 |
| Liabilities | | | | |
| Financial liabilities at FVTPL | | | | |
| – Derivative financial instruments | – | 634,537 | – | 634,537 |

20. FAIR VALUES – CONTINUED

During the six months ended 30 June 2023 and the year ended 31 December 2022 there are no changes in categories between level 1 and level 2 and no movement from or into level 3.

The fair value of the royalty 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% (2022: 11%). The estimated fair value would increase if the sales volumes and coal prices were higher and if the AUD weakens against the US\$. The estimated fair value would also increase if the risk adjusted discount rate was lower.

21. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Related parties transactions, that are also continuing connected transactions under Main Board Listing Rules Chapter 14A, continuing connected transactions are disclosed below:

Balances and transactions with related parties

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| Nature of balances (other than those already disclosed) | | |
| Bills and accounts receivables | | |
| – Parent Company and its subsidiaries | 1,174,578 | 924,812 |
| – Joint ventures | 42,332 | 33,564 |
| Prepayments and other receivables | | |
| – Parent Company and its subsidiaries | 7,570,093 | 7,836,306 |
| – Associates | 22,913 | 22,818 |
| Long-term receivables | | |
| – Parent Company and its subsidiaries | 271 | 93,476 |
| – Associates | 645,647 | – |
| Bills and accounts payables | | |
| – Parent Company and its subsidiaries | 2,524,060 | 3,330,508 |
| – Associates | 25 | 25 |
| Other payables and accrued expenses | | |
| – Parent Company and its subsidiaries | 11,372,451 | 12,263,137 |

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.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

21. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

Balances and transactions with related parties – Continued

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

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Income | | |
| Sales of coal | 3,534,664 | 1,891,630 |
| Sales of bulk commodities | 181,810 | 105,346 |
| Sales of auxiliary materials | 188,692 | 277,022 |
| Sales of heat and electricity | 4,464 | 10,732 |
| Sales of methanol | 74,300 | 25,931 |
| Equipment leasing | 25,817 | 18,845 |
| Professional services | 6,296 | 214 |
| Provision of repair and maintenance services | 422 | 6,817 |
| Provision of road transportation services | 16,120 | 4,314 |
| Provision of technology services | 4,050 | 2,198 |
| Expenditure | | |
| Cost of methanol | 148,015 | 264,859 |
| Utilities and facilities | 1,256 | 15,576 |
| Purchases of supply materials and equipment | 623,931 | 991,482 |
| Repair and maintenance services | 34,002 | 9,939 |
| Labour and services | 69,031 | 476,747 |
| Construction services | 253,365 | 76,456 |
| Medical ambulance services | 19,782 | 10,703 |
| ERP operation and maintenance services | 11,792 | 11,792 |
| Coal train convoy services | 38,721 | 28,435 |
| Financial services | 283 | 617 |
| Insurance fund management and payment services (free of charge) | – | 362,988 |
| Purchases of bulk commodities | 373,972 | 93,514 |

21. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

Balances and transactions with related parties – Continued

As at 30 June 2023, the Parent Company and its subsidiaries (excluding the Group) had deposited approximately RMB10,184,629,000 (As at 31 December 2022: approximately RMB11,245,221,000) to Yankuang Group Finance Co., Limited (“Yankuang Finance”). For the period ended 30 June 2023, interest income from and interest expense to the Parent Company and its subsidiaries (excluding the Group) by Yankuang Finance, amounted to approximately RMB119,754,000 and RMB72,424,000 respectively (For the six months ended 30 June 2022: approximately RMB140,524,000 and RMB98,124,000 respectively).

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

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

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“state-controlled entities”). In addition, the Group itself is part of a large group of companies under the Parent Company which is controlled by the PRC government. Apart from the transactions with the Parent Company and its subsidiaries disclosed above, the Group also conducts business with other state-controlled entities. The directors 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:

| | Six months ended 30 June | |
|-----------------|--------------------------|-------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Trade sales | 7,719,385 | 1,966,351 |
| Trade purchases | 5,108,632 | 689,200 |

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

| | At 30 June | At 31 December |
|--|-------------|----------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (audited) |
| Amounts due to other state-controlled entities | 809,713 | 1,263,452 |
| Amounts due from other state-controlled entities | 645,509 | 51,105 |

Amounts due to and from state-controlled entities are trade nature of which terms are not different from other customers and suppliers.

21. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

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

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 period or at any time during the year.

Compensation of key management personnel

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

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2023 RMB'000 (unaudited) | 2022 RMB'000 (unaudited) |
| Directors fee | 300 | 300 |
| Salaries, allowance and other benefits in kind | 5,195 | 6,188 |
| Retirement benefit scheme contributions | 615 | 758 |
| | 6,110 | 7,246 |

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

22. COMMITMENTS

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|---|--|--|
| Capital expenditure contracted for but not provided in the condensed consolidated financial information | | |
| Acquisition of property, plant and equipment | | |
| – the Group | 2,721,503 | 3,336,747 |
| – share of joint operations | 879,708 | 996,892 |
| – others | 144,824 | 98,282 |
| Intangible assets | | |
| – share of joint operations | 45,582 | 5,570 |
| – others | 3,066 | 2,592 |
| Exploration and evaluation | | |
| – share of joint operations | 3,325 | 1,290 |
| | 3,798,008 | 4,441,373 |

23. CONTINGENT LIABILITIES

Guarantees

| | At 30 June 2023 RMB'000 (unaudited) | At 31 December 2022 RMB'000 (audited) |
|--|--|--|
| (a) The Group | | |
| – Performance guarantees provided to daily operations | 397,521 | 390,253 |
| – Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute | 557,754 | 518,941 |
| (b) Joint operations | | |
| – Performance guarantees provided to external parties | 1,123,187 | 1,088,045 |
| – Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute | 2,110,845 | 2,036,720 |
| (c) Related parties | | |
| – Performance guarantees provided to external parties | 370,605 | 380,684 |
| – Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute | 19,841 | 19,193 |
| | 4,579,753 | 4,433,836 |

24. OTHER DISCLOSURES

On 15 June 2023, the Company entered into an equity transfer agreement to acquire in cash the controlling interests in two subsidiaries of Parent Company, namely 51% equity interest in Shandong Energy Group Luxi Mining Co., Ltd and 51% equity interest in Yankuang Xinjiang Energy & Chemical Co., Ltd. Further details are set out in the announcement of the Company dated 28 April 2023, 27 May 2023 and 15 June 2023. The transaction has been completed after the end of the reporting period.

SUPPLEMENTAL INFORMATION

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

The Group has also prepared a set of condensed consolidated financial information in accordance with relevant accounting principles and regulations applicable to PRC enterprises.

The condensed consolidated financial information prepared under IFRS and those prepared under PRC GAAP have the following major differences:

(1) Future development fund and work safety cost

- (1a) Appropriation of future development fund is charged to profit before taxes under PRC GAAP. Depreciation is not provided for plant and equipment acquired by utilising the future development fund under PRC GAAP but charged to expenses when acquired.
- (1b) Appropriation of the work safety cost is charged to profit before taxes under PRC GAAP. Depreciation is not provided for plant and equipment acquired by utilising the provision of work safety cost under PRC GAAP but charged to expenses when acquired.

(2) Consolidation using acquisition method under IFRS and using common control method under PRC GAAP

Under IFRS, the acquisitions of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun, Donghua, Yankuang Finance, 厚朴项目, 東方盛隆, 上海東江 and 上海大廈 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 are required to be included in the consolidated financial statements of the Group at historical cost. The difference between the historical cost of their assets and liabilities acquired and the purchase price paid is recorded as an adjustment to shareholders' equity.

(3) Reversal of impairment loss on intangible assets in Yancoal Australia

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

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS

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

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

Under IFRS, the perpetual capital security issued by the Company was classified as equity instrument and separated from net assets attributable to equity holders of the Company.

Under PRC GAAP, the perpetual capital security issued by the Company was classified as owners' equity.

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

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

| | Net income attributable to equity holders of the Company For the six months ended 30 June 2023 RMB'000 (unaudited) | Net assets attributable to equity holders of the Company As at 30 June 2023 RMB'000 (unaudited) |
|--|--|--|
| As per condensed consolidated financial information prepared under IFRS | 10,318,598 | 79,762,651 |
| Impact of IFRS adjustments in respect of: | | |
| – future development fund charged to income before income taxes | (317,664) | – |
| – reversal of provision of work safety cost | 1,727 | (29,886) |
| – fair value adjustment and amortization | 5,000 | (195,052) |
| – acquisition of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun | – | (899,403) |
| – acquisition of Donghua | 1,021 | (413,526) |
| – acquisition of Yankuang Finance | – | (16,966) |
| – deferred tax | 35,841 | 291,847 |
| – perpetual capital security | – | 11,379,189 |
| – Reversal of impairment losses attributable to Yancoal Australia | 5,099 | (74,142) |
| – acquisition of 厚朴項目 | 160,446 | (7,376,647) |
| – acquisition of 東方盛隆 | – | (14,859) |
| – acquisition of 上海東江 | – | (75,567) |
| – acquisition of 上海大廈 | – | (173,565) |
| – others | – | 647,648 |
| As per condensed consolidated financial information prepared under PRC GAAP | 10,210,068 | 82,811,722 |