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兖州煤業股份有限公司
YANZHOU COAL MINING COMPANY LIMITED

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1171)*

**ANNOUNCEMENT ON INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board of directors (the “**Board**”) of Yanzhou Coal Mining Company Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2020. The interim results have been reviewed by the audit committee of the Board.

This announcement, containing the full text of the 2020 Interim Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

The 2020 interim results of the Company is available for viewing on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and of the Company at www.yanzhoucoal.com.cn.

By order of the Board
Yanzhou Coal Mining Company Limited
Li Xiyong
Chairman of the Board

Zoucheng, Shandong Province, the PRC
28 August 2020

As at the date of this announcement, the Directors of the Company are Mr. Li Xiyong, Mr. Li Wei, Mr. Wu Xiangqian, Mr. Liu Jian, Mr. Zhao Qingchun, Mr. He Jing and Mr. Wang Ruolin, and the independent non-executive directors of the Company are Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang and Mr. Poon Chiu Kwok.

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

DEFINITIONS

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

CHAPTER 1 DEFINITION

“Haosheng Company”	means	Inner Mongolia Haosheng Coal Mining Company Limited, a company with limited liability incorporated under the laws of the PRC in 2010 and a 59.38% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the production and operation of Shilawusu coal mine in Ordos, Inner Mongolia Autonomous Region;
“Donghua Heavy Industry”	means	Yankuang Donghua Heavy Industry Company Limited, a company with limited liability incorporated under the laws of the PRC in 2013 and a wholly-owned subsidiary of the Company, which is mainly engaged in the design, manufacture, installation, repair and maintenance of mining equipment, electromechanical equipment and parts;
“Zhongyin Financial Leasing”	means	Zhongyin Financial Leasing Company Limited, a company with limited liability incorporated under the laws of the PRC in 2014 and a wholly-owned subsidiary of the Company, which is mainly engaged in the financial leasing, leasing, leasing trade consultation and guarantees, commercial factoring related to main business, etc;
“Yankuang Finance Company”	means	Yankuang Group Finance Co., Ltd., a company with limited liability incorporated under the laws of the PRC in September 2010 and a 95% owned subsidiary of the Company as at the end of the reporting period;
“Yancoal Australia”	means	Yancoal Australia Limited, a company with limited liability incorporated under the laws of Australia in 2004 and a 62.26% owned subsidiary of the Company as at the end of the reporting period, the shares of which are traded on the Australian Securities Exchange and the HKEX respectively;
“Yancoal International”	means	Yancoal International (Holding) Company Limited, a company with limited liability incorporated under the laws of Hong Kong in 2011 and a wholly-owned subsidiary of the Company;
“Yancoal International Resources”	means	Yancoal International Resources Development Company Limited, a company with limited liability incorporated under the laws of Hong Kong in 2011 and a wholly-owned subsidiary of Yancoal International;
“Railway Assets”	means	The railway assets specifically used for coal transportation of the Company, which are located in Jining City, Shandong Province;
“H Shares”	means	Overseas listed foreign invested shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are listed on the HKEX;
“A Shares”	means	Domestic shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;

CHAPTER 1 DEFINITION

“PRC”	means	The People’s Republic of China;
“Hong Kong”	means	The Hong Kong Special Administrative Region of the PRC;
“CASs” or “ASBEs”	means	Accounting Standards for Business Enterprises and the relevant regulations and explanations issued by the Ministry of Finance of the PRC;
“IFRS”	means	International Financial Reporting Standards issued by the International Accounting Standards Board;
“CSRC”	means	China Securities Regulatory Commission;
“Hong Kong Listing Rules”	means	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“HKEX” or “Hong Kong Stock Exchange”	means	The Stock Exchange of Hong Kong Limited;
“Shanghai Stock Exchange”	means	The Shanghai Stock Exchange;
“Company Law”	means	Company Law of the PRC;
“Securities Law”	means	Securities Law of the PRC;
“Articles”	means	The Articles of Association of the Company;
“Shareholders”	means	The shareholders of the Company;
“Directors”	means	The directors of the Company;
“Board”	means	The board of directors of the Company;
“Supervisors”	means	The supervisors of the Company;
“RMB”	means	Renminbi, the lawful currency of the PRC, unless otherwise specified;
“AUD”	means	Australian dollars, the lawful currency of Australia;
“USD”	means	United States dollars, the lawful currency of the United States;
“HKD”	means	Hong Kong dollars, the lawful currency of Hong Kong.

CHAPTER 2 GROUP PROFILE AND MAJOR FINANCIAL INDICATORS

I. INFORMATION OF THE COMPANY

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

II. CONTACT DETAILS

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

III. GENERAL INFORMATION

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

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

Newspapers for information disclosure in the PRC:	China Securities Journal, Shanghai Securities News, Securities Times
Websites 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 reports are available at:	Office of the Secretary to the Board, Yanzhou Coal Mining Company Limited, 298 Fushan South Road, Zoucheng City, Shandong, the PRC

CHAPTER 2 GROUP PROFILE AND MAJOR FINANCIAL INDICATORS

V. CORPORATE STOCKS

Class of Shares	Place of Listing	Stock Abbreviation	Stock Code
A share	The Shanghai Stock Exchange	Yanzhou Mei Ye	600188
H share	HKEX	N/A	01171

VI. OTHER INFORMATION

Certified Public Accountants (Domestic)	Name	Shine Wing Certified Public Accountants
	Office Address:	9/F, Block A, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC
Certified Public Accountants (Overseas)	Name	SHINEWING (HK) CPA Limited
	Office Address:	43/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

VII. MAJOR ACCOUNTING DATA AND FINANCIAL INDICATORS

(Prepared in accordance with the IFRS)

(I) Operating Results

	For the six months ended 30 June			For the year ended 31 December
	2020 (RMB'000) (unaudited)	2019 (RMB'000) (unaudited)	Changes as compared with the corresponding period of the previous year (%)	2019 (RMB'000) (audited)
Sales income	35,324,830	33,237,425	6.28	67,804,644
Gross profit	7,776,395	11,936,174	-34.85	21,029,486
Financing expenses	-1,405,248	-1,562,027	-10.04	-2,751,234
Income before income tax	7,941,200	9,155,089	-13.26	14,986,842
Net income attributable to equity holders of the Company for the reporting period	4,548,656	5,809,977	-21.71	9,388,645
Earnings per Share	RMB0.94	RMB1.18	-21.19	RMB1.91

Note: During the reporting period, the Company newly consolidated the financial statements of Qingdao Duanxin Assets Management Co., Ltd. and Yankuang Intelligent Ecology Co., Ltd.

CHAPTER 2 GROUP PROFILE AND MAJOR FINANCIAL INDICATORS

(II) Assets and Liabilities

	30 June		31 December
	2020	2019	2019
	(RMB'000)	(RMB'000)	(RMB'000)
	(unaudited)	(unaudited)	(audited)
Current assets	67,531,906	68,577,137	62,949,044
Current liabilities	78,686,925	65,984,271	67,001,890
Total assets	219,702,959	204,696,127	210,760,571
Equity attributable to equity holders of the Company	55,496,738	55,512,390	54,119,800
Net assets value per share	RMB11.32	RMB11.30	RMB11.02
Return on net assets (%)	8.20	10.47	17.35

(III) Summary of Cash Flow Statement

	For the six months ended 30 June			For the year ended 31 December
	2020	2019	Changes as compared with the corresponding period of the previous year (%)	2019
	(RMB'000)	(RMB'000)		(RMB'000)
	(unaudited)	(unaudited)		(audited)
Net cash flow from operating activities	5,884,727	8,378,922	-29.77	16,411,202
Net increase (decrease) in cash and cash equivalents	-4,572,196	-4,600,233	-	-4,885,829
Net cash flow per share from operating activities	RMB1.20	RMB1.71	-29.82	RMB3.34

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

(I) Main Business and Business Model

1. *Coal business*

As one of the main coal producers and coal traders in China and Australia, the main products of the Group include thermal coal and PCI coal, which are used in electric power, metallurgy and chemical industry, etc.; the Company's coal products are mainly sold to East China, North China, South China, Northwest China and other regions of China as well as Australia, Singapore, Japan, South Korea and other countries.

2. *Coal chemicals business*

The Group's coal chemical business is mainly distributed in Shaanxi Province and Inner Mongolia Autonomous Region. The main product of methanol is mostly sold to North China, East China and Northwest China.

3. *Mechanical and electrical equipment manufacturing business*

The Group's chemical and electrical equipment manufacturing industry is mainly engaged in manufacturing, sales, leasing, repair, and maintenance of mechanical and electrical equipment including hydraulic supports, heading machines, shearers and others. The products are mostly sold to East China.

4. *Power generation and heat business*

The Group owns and operates seven power plants with a total installed capacity of 482 MW. In addition to the part for satisfying the demand of the Group itself, the rest of the generated electricity and heat are sold to Yankuang Group.

(II) Industry Situation Analysis

Impacted by the worldwide COVID-19 epidemic, the first half year of 2020 has witnessed a continuous slow-down in the macro economy and a drastic fluctuation in the coal market. As the economy resumes steadily, the supply and demand in coal market regained overall balance compared with the slightly tight supply at the beginning of 2020. However, regional and structural imbalance between supply and demand still exist as certain periods were affected by factors such as the epidemic, transportation constraint, safety and environmental protection. In addition, as the supply-side structural reform is deepening, the coal production capacity remained basically balanced with the expansion of efficient production capacity and the accelerated reduction of inefficient one, and the coal price moved in a fluctuated way generally.

CHAPTER 3 BUSINESS HIGHLIGHTS

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

(All financial data contained in this section is calculated under CASs)

For the details of significant changes of major assets of the Group during the reporting period and the cause analysis, please refer to “Chapter 4 Board of Directors’ Report”.

Including: Overseas assets of RMB73.422 billion, representing 33.6% of total assets, did not have significant changes compared with the corresponding period of last year. Since 2004, the Group has set up related overseas investment management platforms (mainly Yancoal Australia and Yancoal International) through various ways, such as overseas assets or equity acquisition, company establishment, stock swap and merger etc. For the details in relation to the production and operation of Yancoal Australia and Yancoal International, please refer to “Chapter 4 Board of Directors’ Report”.

III. CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

During the first half of 2020, the Group, by seizing policy opportunities, continuously improved its core competitiveness in various ways, such as deepening innovations in mechanisms, optimizing the industrial structure and strengthening lean management. The coal business acquired 10% equity of Moolarben coal mine in Australia and increased its coal resources and reserves with high quality. Its operating risk was reduced by divestiture of non-coal trading companies. The marketing distribution and overall layout had been pushed forward by construction of a group of logistics parks with characteristic and freight stations, coal transportation network became more complete. The coal chemical business realized the operation of “safe, stable, long-term, full-load and high-quality”, and the two Phase II high-end fine chemical projects in Ordos Neng Hua and Yulin Neng Hua were put into a trial production, which amplified the scale effect. The technical innovation of the Company made new breakthroughs and the Company completed the building of 7 intelligent coal mining workfaces and 9 smart developing workfaces, which took the lead in the coal industry for intelligent coal mine construction. The Company accelerated the construction of the comprehensive rehabilitation for the coal mined subsidence area, and set a green leading trend in the industry.

I. MANAGEMENT DISCUSSION AND ANALYSIS

Main business

Item	Six months ended 30 June 2020	Six months ended 30 June 2019	Increase/ Decrease	Increase/ Decrease (%)
1. Coal Business (Kiloton)				
Saleable coal production	50,108	46,991	3,116	6.63
Saleable coal sales volume	67,620	55,288	12,333	22.31
2. Railway Transportation Business (Kiloton)				
Transportation volume	8,900	10,394	-1,493	-14.37
3. Coal Chemicals Business (Kiloton)				
Methanol production	935	846	90	10.59
Methanol sales volume	934	834	100	11.97
4. Power Generation Business (KWh)				
Power generation	141,701	132,089	9,612	7.28
Electricity sold	89,437	79,327	10,110	12.74

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

During the reporting period, the Group sold 67.62 million tons of saleable coal, including: 48.22 million tons of self-produced coal, accounting for 48.2% of annual self-produced coal sales plan.

CHAPTER 4 BOARD OF DIRECTORS' REPORT

II. MAIN BUSINESS DURING THE REPORTING PERIOD

(I) The Operation of Business Segments

1. Coal Business

(1) Coal Production

During the first half of 2020, the Group produced 50.11 million tons of saleable coal, representing an increase of 3.2 million tons or 6.6% as compared with the corresponding period of last year.

The following table sets out the saleable coal production volume of the Group for the first half of 2020:

	Six months ended 30 June 2020 (kiloton)	Six months ended 30 June 2019 (kiloton)	Increase/ Decrease (kiloton)	Increase/ Decrease (%)
The Company	15,731	15,660	70	0.45
Shanxi Neng Hua	750	839	-89	-10.58
Heze Neng Hua	1,596	1,235	361	29.25
Ordos Neng Hua	7,441	7,443	-2	-0.03
Haosheng Company	3,477	1,189	2,287	192.38
Yancoal Australia	18,428	17,849	578	3.24
Yancoal International	2,686	2,776	-90	-3.25
Total	50,108	46,991	3,116	6.63

Note: The saleable coal production of Haosheng Coal Company was increased as compared with the corresponding period of the previous year mainly due to restrictions on coal production in Haosheng Coal Company's Shilawusu Coal Mine in the first half of 2019 affected by safety and environmental protection policies.

CHAPTER 4 BOARD OF DIRECTORS' REPORT

(2) Coal prices and sales

The sales volume of coal for the first half of 2020 was 67.62 million tons, representing an increase of 12.33 million tons or 22.3% as compared with the corresponding period of the previous year.

The sale income of the Group for the first half of 2020 was RMB33.498 billion, representing an increase of RMB2.278 billion or 7.3% as compared with the same period of the previous year.

The following table sets out the Group's production and sales of saleable coal by coal types for the first half of 2020:

	For the six months ended 30 June 2020				For the six months ended 30 June 2019			
	Production volume (kiloton)	Sales volume (kiloton)	Sales price (RMB per ton)	Revenue (million RMB)	Production volume (kiloton)	Sales volume (kiloton)	Sales price (RMB per ton)	Revenue (million RMB)
1. The Company	15,731	15,847	525.78	8,332	15,660	16,144	655.65	10,584
No.1 clean coal	389	413	777.94	321	589	599	948.30	569
No.2 clean coal	4,174	4,375	701.26	3,068	4,870	5,129	902.98	4,631
No.3 clean coal	1,781	1,809	537.24	972	1,403	1,494	684.95	1,023
Lump coal	1,137	1,271	585.45	744	1,223	1,310	756.32	991
Sub-total of clean coal	7,482	7,869	648.86	5,106	8,085	8,532	845.47	7,214
Screened raw coal	8,250	7,978	404.38	3,226	7,575	7,612	442.82	3,370
2. Shanxi Neng Hua	750	734	280.91	206	839	851	317.71	270
Screened raw coal	750	734	280.91	206	839	851	317.71	270
3. Heze Neng Hua	1,596	1,588	878.70	1,395	1,235	828	1,146.62	949
No.2 clean coal	1,230	1,355	969.73	1,314	1,044	828	1,146.62	949
Screened raw coal	366	233	349.98	81	191	-	-	-
4. Ordos Neng Hua	7,441	6,164	228.31	1,407	7,443	6,522	269.18	1,756
Screened raw coal	7,441	6,164	228.31	1,407	7,443	6,522	269.18	1,756
5. Haosheng Company	3,477	3,481	278.81	971	1,189	1,173	329.59	387
Screened raw coal	3,477	3,481	278.81	971	1,189	1,173	329.59	387
6. Yancoal Australia	18,428	17,748	464.78	8,249	17,849	16,586	584.43	9,694
Semi-hard coking coal	88	85	752.67	64	30	28	1,035.71	29
Semi-soft coking coal	757	729	675.56	492	1,611	1,497	828.99	1,241
PCI coal	1,092	1,051	703.12	739	1,415	1,315	885.93	1,165
Thermal coal	16,492	15,883	437.80	6,954	14,793	13,746	528.08	7,259
7. Yancoal International	2,686	2,663	359.68	958	2,776	2,762	384.42	1,062
Thermal coal	2,686	2,663	359.68	958	2,776	2,762	384.42	1,062
8. Traded coal	-	19,396	617.64	11,980	-	10,422	625.43	6,518
9. Total of the Group	50,108	67,620	495.38	33,498	46,991	55,288	564.68	31,220

CHAPTER 4 BOARD OF DIRECTORS' REPORT

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	-194	-2,058
Shanxi Neng Hua	-37	-27
Heze Neng Hua	871	-425
Ordos Neng Hua	-96	-252
Haosheng Company	761	-177
Yancoal Australia	679	-2,124
Yancoal International	-38	-66
Traded Coal	5,612	-151

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

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

	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Sales Volume (kiloton)	Sales Income (RMB million)	Sales Volume (kiloton)	Sales Income (RMB million)
1. China	50,659	25,642	39,182	22,175
East China	24,808	14,906	17,302	11,942
South China	9,363	3,843	9,885	4,540
North China	7,143	3,668	4,600	2,961
Northwest China	6,242	1,656	5,922	1,673
Other regions	3,103	1,569	1,473	1,059
2. Japan	3,878	2,045	4,475	3,120
3. South Korea	2,011	1,062	1,641	1,143
4. Singapore	4,588	1,702	2,728	1,147
5. Australia	3,745	1,498	4,811	2,337
6. Others	2,739	1,549	2,451	1,298
7. Total for the Group	67,620	33,498	55,288	31,220

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

CHAPTER 4 BOARD OF DIRECTORS' REPORT

The following table sets out the Group's coal sales volume by industries for the first half of 2020:

	For the six months ended 30 June 2020		For the six months ended 30 June 2019	
	Sales Volume (kiloton)	Sales Income (RMB million)	Sales Volume (kiloton)	Sales Income (RMB million)
1. Power	25,126	10,676	25,592	12,414
2. Metallurgy	3,116	2,709	3,978	3,608
3. Chemical	4,381	2,505	4,594	3,884
4. Trade	32,353	16,255	20,850	11,153
5. Others	2,644	1,353	274	161
6. Total for the Group	67,620	33,498	55,288	31,220

(3) The Cost of Coal Sales

The Group's cost of coal sales for the first half of 2020 was RMB24.528 billion, representing an increase of RMB6.395 billion or 35.3% on the corresponding period in 2019. It was mainly due to the increase of coal sales volume as compared with the corresponding period in the previous year.

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

	Unit	For the six months ended 30 June 2020	For the six months ended			
			30 June 2019	Increase/ Decrease	Increase/ Decrease (%)	
The Company	Total cost of sales	RMB million	4,223	4,496	-274	-6.09
	Cost of sales per ton	RMB/ton	265.94	276.66	-10.71	-3.87
Shanxi Neng Hua	Total cost of sales	RMB million	148	182	-34	-18.76
	Cost of sales per ton	RMB/ton	201.44	213.82	-12.39	-5.79
Heze Neng Hua	Total cost of sales	RMB million	777	536	241	44.87
	Cost of sales per ton	RMB/ton	451.29	560.62	-109.32	-19.50
Ordos Neng Hua	Total cost of sales	RMB million	1,058	1,060	-3	-0.25
	Cost of sales per ton	RMB/ton	171.59	162.56	9.02	5.55
Haosheng Company	Total cost of sales	RMB million	650	446	205	45.94
	Cost of sales per ton	RMB/ton	186.78	379.81	-193.03	-50.82
Yancoal Australia	Total cost of sales	RMB million	5,479	4,659	820	17.58
	Cost of sales per ton	RMB/ton	308.70	280.92	27.78	9.89
Yancoal International	Total cost of sales	RMB million	709	622	87	13.99
	Cost of sales per ton	RMB/ton	266.27	225.19	41.07	18.24
Traded Coal	Total cost of sales	RMB million	11,634	6,312	5,321	84.30
	Cost of sales per ton	RMB/ton	599.81	605.67	-5.86	-0.97

The change in the sales cost of coal per ton of Haosheng Company was mainly due to the increase in sales of saleable coal as compared with the corresponding period of the previous year, which affected the decrease in the cost of coal sales per ton as compared with the corresponding period of the previous year.

CHAPTER 4 BOARD OF DIRECTORS' REPORT

2. Railway Transportation Business

For the first half of 2020, the transportation volume of the Company's Railway Assets was 8.9 million tons, representing a decrease of 1,493 thousand tons or 14.4% as compared with the corresponding period of the previous year. As a result, the income from railway transportation services of the Company was RMB184 million for the first half of 2020, representing a decrease of RMB30.947 million or 14.4% as compared with the corresponding period of the previous year. The cost of railway transportation business was RMB80.204 million, representing a decrease of RMB1.273 million or 1.6%.

3. Coal Chemicals Business

The following tables set out the Group's methanol business for the first half of 2020:

	Methanol Production Volume (kiloton)			Methanol Sales Volume(kiloton)		
	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Increase/Decrease (%)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Increase/Decrease (%)
1.Yulin Neng Hua	387	371	4.58	381	373	2.14
2.Ordos Neng Hua	548	475	15.28	553	461	19.91

	Sales Income (RMB'000)			Sales Cost (RMB'000)		
	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Increase/Decrease (%)	For the six months ended 30 June 2020	For the six months ended 30 June 2019	Increase/Decrease (%)
1.Yulin Neng Hua	497,399	639,321	-22.20	403,680	519,728	-22.33
2.Ordos Neng Hua	718,550	774,797	-7.26	451,855	581,632	-22.31

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4. Power Generation Business

The following tables set out the operation of the Group's power business for the first half of 2020:

	Power Generation (10,000kWh)			Power Output Dispatch (10,000kWh)		
	For the six	For the six	Increase/ Decrease	For the six	For the six	Increase/ Decrease
	months	months		months	months	
	ended	ended		ended	ended	
30 June	30 June		30 June	30 June		
	2020	2019	(%)	2020	2019	(%)
1. Hua Ju Energy	41,288	39,746	3.88	14,478	12,267	18.03
2. Yulin Neng Hua	16,642	14,806	12.40	748	983	-23.90
3. Heze Neng Hua	83,772	77,537	8.04	74,211	66,077	12.31

	Sales Income (RMB'000)			Sales Cost (RMB'000)		
	For the six	For the six	Increase/ Decrease	For the six	For the six	Increase/ Decrease
	months	months		months	months	
	ended	ended		ended	ended	
30 June	30 June		30 June	30 June		
	2020	2019	(%)	2020	2019	(%)
1. Hua Ju Energy	59,456	49,031	21.26	51,954	48,112	7.99
2. Yulin Neng Hua	1,445	1,870	-22.73	2,508	3,864	-35.10
3. Heze Neng Hua	260,617	232,484	12.10	181,542	193,162	-6.02

Note: During the reporting period, the sales, revenue, and cost of electricity belonging to Yulin Neng Hua decreased significantly, mainly due to the decrease in external electricity sales as compared with the corresponding period of the previous year.

5. Heat Business

Hua Ju Energy generated heat energy of 650 thousand steam tons and sold 200 thousand steam tons for the first half of 2020, realizing the sales income of RMB20.818 million, with the sales cost of RMB18.938 million.

6. Electrical and Mechanical Equipment Manufacturing Business

For the first half of 2020, the Group's electrical and mechanical equipment manufacturing business realized sales income RMB85.065 million, with sales cost of RMB66.332 million.

7. Equity Investment Business

For the first half of 2020, the Group's gained profit before tax of RMB616 million from equity investment.

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(II) Analysis of Main Business

1. Analysis on changes of items in the financial statements

Items	For the six	For the six	Increase/ Decrease (%)
	months ended 30 June 2020 (RMB million)	months ended 30 June 2019 (RMB million)	
Costs from sales and services	24,632	18,239	35.05
Income from other business	4,794	1,403	241.67
Net cash flow from operating activities	5,885	8,379	-29.77
Net cash flow out from investment activities	5,957	2,090	185.02
Net cash flow from financing activities	4,500	10,889	-58.68

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

Explanations on reasons for changes in costs from sales and services: During the reporting period, traded coal sales increased as compared with the same period of last year.

Explanations on reasons for changes in other Business income: During the reporting period, with the 10% equity acquisition of Moolarben Coal Joint Venture, the Group gained control of Moolarben Coal Joint Venture and confirmed RMB3.183 billion of other business income in fair value all at once.

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

Analysis on changes of net cash flow from operating business: During the reporting period, the Group's coal sale price dropped as compared with that of the corresponding period of the previous year, which caused the decrease in the net cash from operating business.

Analysis of reasons for changes in net flow out from investment business: ① Deposits of the deposited bills and letter of credit caused net cash flow out increased by RMB1.467 billion as compared with the corresponding period of the previous year. ② The withdrawal regular deposits affecting cash inflow of RMB1.703 billion in the same period of the previous year, while no such business occur red during the reporting period. ③ The net cash flow out increased by RMB507 million as compared with the corresponding period of the previous year due to the acquisition of additional equity from joint operations.

Analysis on changes of net cash flow from financing activities: ① The proceeds from bank loans increased by RMB14.497 billion as compared with that of the corresponding period of the previous year. ② During the reporting period, Yankuang Finance Company provided loans and deposits and other financial services to the other companies except the Group, which caused the net cash outflow increased by RMB9.078 billion.

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2. Others

(1) Elaboration on significant changes in the profit structure or source of profit of the Company

Not applicable.

(2) Source and use of fund

For the first half of 2020, the Group's source of fund was mainly from operating cash flow, bond issuance and bank loans. And the fund was mainly used for operating expenses, purchasing of property, machinery and equipments, dividends payment to shareholders, bank loans repayment, assets and equity purchasing payment, etc.

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

During the reporting period, with the 10% equity acquisition of Moolarben Coal Joint Venture, the Group gained control of Moolarben Coal Joint Venture and confirmed RMB3.183 billion of other business income in fair value all at once.

(IV) Analysis on Assets and Liabilities

1. Assets and liabilities

Unit: RMB million

Items	Closing amount as at 30 June 2020	Percentage to the total assets as at 30 June 2020 (%)	Closing amount as at 30 June 2019	Percentage to the total assets as at 30 June 2019 (%)	Percentage of increase/decrease in closing amount (%)	Notes
Restricted cash	6,691	3.05	4,274	2.03	56.56	Deposit from bills and letter of credit increased as compared with the same period of last year.
Notes receivable and accounts receivable	10,283	4.68	7,598	3.61	35.33	(1) The company's notes receivable and accounts receivable increased by RMB422 million; (2) Yancoal International's receivables and accounts receivable increased by RMB1.154 billion; (3) Receivable notes and accounts receivable of Shandong Zhongyin International Trade Co., LTD. Increased by RMB376 million; (4) Notes receivable and accounts receivable of Qingdao Zhongyin Ruifeng International Trade Co., LTD. ("Qingdao Zhongyin Ruifeng") increased by RMB821 billion.

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Items	Closing amount as at 30 June 2020	Percentage to the total assets as at 30 June 2020 (%)	Closing amount as at 30 June 2019	Percentage to the total assets as at 30 June 2019 (%)	Percentage of increase/decrease in closing amount (%)	Notes
Inventory	8,415	3.83	6,007	2.85	40.08	(1) Inventory of Qingdao Zhongyan Trading Co., LTD. ("Qingdao Zhongyan") increased by RMB206 million; (2) Inventory of Donghua Heavy Industry increased by RMB587 million; (3) Inventory of Yankuang (Hainan) Intelligent Logistics Science and Technology Co., Ltd. ("Intelligent Logistics") increased by RMB560 million; (4) Inventory of Ordos Neng Hua increased by RMB266 million.
Contractual liabilities	3,570	1.62	2,717	1.29	31.38	(1) the Company's contractual liability increased by RMB255 million; (2) Contractual liability of Ordos Neng Hua increased by RMB103 million; (3) Contractual liability of Qingdao Zhongyin Ruifeng increased by RMB233 million; (4) Contractual liability of Intelligent Logistics increased by RMB314 million.
Loans due within a year	27,462	12.50	16,207	7.69	69.44	(1) The Company's borrowings due within one year increased by RMB2,316 billion. (2) Yancoal Australia's borrowings due within one year increased by RMB1.937 billion. (3) Yancoal International's borrowings due within one year increased by RMB1.982 billion. (4) Zhongyin Financial Leasing's borrowings due within one year increased by RMB1.118 billion. (5) Qingdao Vast Lucky's borrowings due within one year increased by RMB595 million. (6) Intelligent Logistics borrowings due within one year increased by RMB833 million.
Deferred tax liabilities	4,315	1.96	3,414	1.62	26.38	(1) Yancoal Australia's deferred tax liability increased by RMB1.21 billion; (2) Yancoal International's deferred tax liability decreased by RMB239 million.

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

(Relevant data are prepared under CASs)

As at 30 June 2020, the Group's asset subject to restriction was RMB56.85 billion, which mainly includes restricted monetary funds, account receivables financing and related assets secured by borrowing. For details, please refer to the Note "Assets Subject to Restriction on Ownership or Right of Use" to the financial statements prepared under CASs.

3. Other information

(1) Debt to equity ratio

As at 30 June 2020, the equity attributable to the shareholders of the Company and the borrowings amounted to RMB55.497 billion and RMB74.088 billion respectively, representing a debt to equity ratio of 133.5%. For detailed information on borrowings, please refer to the Note "Borrowings" to the financial statements prepared under the IFRS.

(2) Contingent liabilities

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

(3) Pledge of assets

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

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(V) Analysis of Investment

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

1. *Analysis on the Group's external equity investment during the reporting period*

1. *Significant equity investment*

During the reporting period, the Group acquired 10% of the interests of Moolarben Coal Joint Venture held by Sojitz. For details, please refer to related transactions of asset purchase or equity purchase and sale in Chapter 5 Significant Events of this interim report.

Not applicable.

2. *Major non-equity investment*

Not applicable.

3. *Financial assets measured at fair value*

As at the end of the reporting period, the Group's financial assets measured at fair value and recorded in current profit and loss mainly include Middle Mount's special right to earnings, Wuxi Dingye investment property and equity investment. The initial investment was RMB2.425 billion and the balance as at the end of the reporting period is RMB1.841 billion. The liabilities measured at fair value and recorded in current profit and loss mainly are interest rate swap agreement and non-contingent royalty, and the balance as at the end of the reporting period is RMB155 million.

As at the end of the reporting period, the Group's financial assets measured at fair value and recorded in other comprehensive income mainly is other equity instrument investment. The initial investment is RMB5.058 million, and the balance as at the end of the reporting period is RMB4.578 million.

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

(VI) Disposal of Material Assets and Equity

During the reporting period, the Group's 100% equity in Yancoal International Trading Co., Ltd. and Yancoal International (Singapore) Co., Ltd. was sold to Yankuang Electricity Aluminum (Hong Kong) Co., Ltd. For details, please refer to related content of connected/related transactions arising from the assets acquisition or the acquisition and sale of shares" in "Chapter 5 Significant Events" of this interim report.

Yancoal International Trading Co., LTD and Yancoal International (Singapore) Co., LTD are mainly engaged in non-coal trade business. Compared with coal business, non-coal trading business brings lower gross margin and less cash flow contribution. This transaction is conducive to the Company to further focus on the main industry of coal, improve the core competitiveness, and has relatively little impact on the Company's total profits before tax.

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

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

1. Major controlled companies

For the first half of 2020, 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	As at 30 June 2020			Net profit for the first half of 2020
	Registered capital	Total assets	Net assets	
Yancoal Australia	AUD6,027 million	56,032	31,559	3,646

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

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The main holding companies with significant fluctuations of operating results in the first half of 2020 are as follows.

Yancoal Australia

For the first half of 2020, Yancoal Australia's net profit was RMB3.646 billion, while the net profit of the first half of 2019 was RMB2.746 billion, which was mainly due to ① Yancoal Australia gained the profit from the purchase of the 10% equity interest of Moolarben Coal Joint Venture during the reporting period; ② The coal price fell as compared with the corresponding period of the previous year, resulting in a decrease in operating profit.

Heze Neng Hua

For the first half of 2020, the net profit of Heze Neng Hua was RMB484 million, while that of the first half of 2019 was RMB278 million, which was mainly due to the increase in sales volume of coal.

Ordos Neng Hua

For the first half of 2020, Ordos Neng Hua saw a net loss of RMB38 million, while the net profit of the first half of 2019 was RMB212 million, which was mainly due to the fall of coal price as compared with the corresponding period of the previous year.

Haosheng Coal

For the first half of 2020, the net profit of Haosheng Coal was RMB71 million, while the net loss of the first half of 2019 was RMB187 million, which was mainly due to the increase in sales volume of coal.

For more information on the operation of Yancoal Australia, Heze Neng Hua, Ordos Neng Hua and Haosheng Company, please refer to the section headed "Main Business During the Reporting Period" herein this Chapter.

2. Major joint stock companies

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

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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 balance as at the end of the reporting period	The opening balance as at the end of the reporting period	Increase/decrease (%)
Bank deposit	18,133	21,510	-15.70
Bank loan	11,763	11,006	6.87

(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	283	252	12.18
Net profit	118	94	25.53

	The amount of the reporting period	The amount of the same period of the previous year	Increase/decrease (%)
Net asset	3,267	3,149	3.73
Total asset	21,496	24,694	-12.95

(VIII) Entities Controlled by the Company

Watagan Company is a SPV company incorporated by Yancoal Australia for purpose of implementing asset securitization. It implemented asset securitization of three coalmines in New South Wales, Australia in 2016. For detailed information, please refer to Note "Other Significant Events-Watagan Event" to the financial statements prepared under CASs.

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III. DISCLOSURE ON OTHER EVENTS

- (I) **Warning or Elaboration on Estimated Losses or Significant Changes in Aggregate Net Profit from the Beginning of 2020 to the End of the Next Reporting Period When Compared with that of the Same Period of the Previous Year.**

Not applicable.

- (II) **Possible Risks**

Risks arising from safety management

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

Counter measures: The Company will improve the safety management and control system, implement hierarchical management and control responsibilities, and promote professional and regional coordinated management in an orderly manner. The Company will promote innovative development through the integration of information, intelligence, automation, and implement intelligent upgrading of production systems of coal mining and roadway development, etc. The Company will strengthen special efforts to address potential safety hazards, focus on safety technology evaluation, strictly focus on formulation, review, supervision and acceptance of rectification plans. The Company will also strengthen accountability in safety assessment and step up investigation and punishment of accidents and accountability.

Risks arising from exchange rate

As an international company, the Company's overseas financing, overseas investment, international trade and other business are all affected by exchange rate fluctuations, which bring many uncertainties on the Group's economic benefits and strategic development.

Counter measures: The Company will strengthen research and judgment on the trend of the exchange rate, and use a variety of financial instruments to reduce the risk of exchange rate fluctuations. According to the trend of the exchange rate of the trading currency, the Company will establish appropriate hedging clauses in the trading contract. And the Company will flexibly use foreign exchange derivatives, sign of forward foreign exchange transaction contracts, and lock the exchange rate fluctuations.

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Risks arising from credit risks

Due to the slowdown of domestic economic growth, some partners of the Group have insufficient working fund, solvency decline, etc., which bring some certain impacts on the collection of receivables to the Group.

Counter measures: The Company will strengthen access management for clients, carry out prior due diligence, and prudently grant credit quotas based on the nature, scale, credit qualifications and other conditions of the partners. The Company will monitor the situation of credit granting business dynamically, strictly implement the credit line and credit term constraint mechanism. In case of credit risks, the response mechanism shall be activated timely, and the rights and interests of the group shall be protected by legal means if necessary.

Risks arising from geopolitics

The Group's business spans across different regions and countries, and overseas business will be affected by policies, economic and international relationship changes and other factors of the local governments. In the event of any material adverse changes in these factors, the Group's business, financial position and operating performance may be adversely affected.

Counter measures: First, pay close attention to international developments, strengthen the analysis of political, economic and other development situations where the business is located, identify and predict geopolitical risks that may be faced by overseas businesses in a timely manner, and formulate countermeasures. Second, continue to adhere to the localization strategy, abide by local laws and regulations, actively integrate into local economic and social development.

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(III) Other Disclosures

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

1. Capital Expenditure Plan

The capital expenditure for the first half of 2020 and the capital expenditure plan of 2020 of the Group (grouped by entity) are set out in the following table:

Unit: RMB10 thousand

	For the first half of 2020	For the year 2020
The Company	4,992	257,515
Ordos Neng Hua	23,248	177,485
Yulin Neng Hua	7,467	41,874
Heze Neng Hua	14,896	140,692
Hua Ju Energy	1,075	1,961
Haosheng Company	6,386	53,454
Donghua Heavy Industry	5,283	32,489
Shanxi Neng Hua	92	3,573
Yancoal Australia	76,397	264,419
Yancoal International	2,376	15,425
Other subsidiaries	26	1,543
Total	142,238	990,430

The capital expenditure for the first half of 2020 and the capital expenditure plan of 2020 of the Group (grouped by fund application purpose) are set out in the following table:

Unit: RMB10 thousand

	For the first half of year 2020	For the year 2020
Infrastructure Project	52,404	490,618
Coal mine infrastructure	21,425	307,643
Infrastructure for chemical projects	17,670	56,853
Infrastructure for logistics and warehouse	10,971	103,384
Infrastructure for machinery and equipment fabrication	–	4,156
Other infrastructures	2,338	18,582
Maintenance of simple reproduction	58,816	368,712
Safety production plan expenditure	6,166	86,172
Technology revamp plan	24,852	44,928
Total	142,238	990,430

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

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

For the first half of 2020, the Group's coal exploration expenditure was approximately RMB3.93 million, mainly including exploration expenditure of Moolarben Coal Mine and Cameby Downs Coal Mine; while the relevant capital expenditure for coal development and mining was about RMB980 million, mainly including mine property, machinery and equipment investment of existing coal mines, as well as the development and mining expenditure by Wanfu coal mine.

3. *Operation strategy of the second half of 2020*

In the second half of 2020, affected by the International public health event, uncertainties and destabilizing factors in economic and social development have increased significantly, and so the macroeconomic situation remained complex and challenging. The State continues to enhance the supervision to safe mining production, ecological and environmental protection governance and other policies regulation, which brings far-reaching impact to coal industry. In the second half of the year, actively seizing strategic opportunities such as the transformation of old and new driving forces, the joint and restructuring of Yankuang Group and Shandong Energy Group, the Group will continuously optimize the industrial structure and regional layout, tap potentials to improve efficiency, accelerate reform and innovation, turn challenges into opportunities and potential advantages into real productive forces, and promote leapfrog development of enterprises.

- 1) **Grasp the development opportunities and improve the competitive strength.** Focus on the main industrial segment of coal business and related upstream and downstream industries, the Company will implement regional distribution and industrial extension, and enhance the sustainability of enterprise's development. For target enterprises with high degree of marketization, strong profitability potentials and prominent synergy effect, the Company will resolutely carry out mergers and reorganizations, raise the concentration ratio and the efficiency of resource allocation, and enhance the core competitiveness of the enterprise.
- 2) **Optimize production organization to ensure stable production volume and increase efficiency.** The Company will give coal industry prominence to the development of safety and efficiency, and full play to the role of benefit support. The Company will scientifically organize the continuities of production in local mines, promote the constant operation of intelligent working faces, and maximize steady mining and high efficiency. For coal mines in Inner Mongolia, the Company will completely complete the procedure settlements release the increment potential to the maximum extent, so as to increase the increment to raise the efficiency. For Australian mines, the Company will fully release the superior production capacity, reduce the inefficient production capacity steadily, and enhance the operation quality and the economic efficiency continuously. For coal chemical industries, the Company will concentrates on high-end fine products, strengthen production and operation management, promoting the coordination and integration of Phase I and II projects between Rongxin Chemical and Yulin Methanol Plant, to ensure stable and high yield in the first phase and high production and performance in the second phase.

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- 3) **Deepening lean management, tapping potential, decreasing costs and increasing profits.** Adhere to cost-winning, co-ordinate “volume-cost-benefit”, implement product cost reduction, management cost reduction, procurement inventory reduction, and promote cost reduction in a systematic and accurate manner. Cost reduction: Strengthen lean management of the whole life cycle of cost, expand the cost control from production activities to investment, procurement and other aspects of operation management through comprehensive budget management and benchmarking management; build an all-round cost control system covering all employees and the entire production cycle. Expenses reduction: The Company will take measures such as decreasing stock of interest-bearing liabilities, replacing high interest rates with low interest rates and others to reduce leverage and reduce debt actively. And the Company will work hard to reduce administrative expenses, sales expenses and non-productive expenses, and resolutely put an end to expenditures exceeding standards and budgets. Inventory reduction: the Company will strengthen the management of the transfer and use of materials, step up the efforts to conduct a checkup of warehouses and make a better use of the stored goods, repair the old and utilize the wastes, and liquidize the remnant assets.
- 4) **Optimize the product structure, increase quality and improve efficiency.** Adhere to the benefit first, optimize product structure, explore market potentials, improve the overall quality and level of marketing work. The Company will carry out refinement upgrading of products, implement the strategy of “Winning with clean coal”, increasing the added value of products and profitability. Implement customized production, according to the “fixed coal mine, fixed variety, fixed quantity, fixed time” model to organize production, to meet the needs of different customers for products. Grasp the market demand, subdivide of product types, when selling products, focus on areas with high market prices, low logistics costs and good sales returns. Promote high-carbon energy to low-carbon energy, coal to anthracite, black coal to green coal. The Group will carry out product-cleaning transformation, explore new ways for the clean and efficient use of coal, accelerate the extension and expansion of the industrial chain, vigorously promote the conversion of low-end fuel to high-end raw materials.
- 5) **Stimulate synergy and improve the quality of development.** Improve the corporate governance of the controlled company continuously, make the model of the listed company in standard operation. The Company will intensify its efforts to implement the big data project, and create a digital, sharing and wisdom Yanzhou Coal Mining Company, to upgrade the mechanism of operation, management and risk management. Adhering to the principle of market mechanism, supplemented by administrative management. Fully implement the construction of complete marketization and realize the complete link between internal operation factors and external market factors. The Company will carry forward the reform of “double-hundred enterprises” in depth, explore the establishment of a professional manager system, promote the tenure system and contractual reformation vigorously, and fully stimulate the internal impetus of the enterprise.

4. *The Impact of Exchange Rate Changes*

The exchange rate changes mainly impact:

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

Affected by the changes in foreign exchange rates, the Group had book exchange gain of RMB120 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 the accounting basis, which effectively mitigated the impact of exchange loss on the current profit.

Save as disclosed above, the Group did not take foreign exchange hedging measures on other foreign currencies during the reporting period.

5. *Taxation*

For the first half of 2020, 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 5 SIGNIFICANT EVENTS

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
The 2019 Annual General Meeting of Shareholders	19 June 2020	The website of Shanghai Stock Exchange (http://www.sse.com.cn)	19 June 2020
The 2020 First Class Meeting of the Holders of A Shares	19 June 2020	The website of Hong Kong Stock Exchange (http://www.hkexnews.hk)	19 June 2020
The 2020 First Class Meeting of the Holders of H Shares	19 June 2020	The Company's website (http://www.yanzhoucoal.com.cn)	19 June 2020

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

The Explanation on Shareholders General Meeting

Not Applicable.

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

(I) Proposed Profit Distribution Scheme or Capital Reserve Transferred to Share Capital Scheme for the First Half of 2020

Whether distributed or transferred

No

III. PERFORMANCE OF UNDERTAKINGS

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

Background	Type	Undertaker	Undertakings	Date of Undertaking and Performance Period	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	Yankuang Group	Avoidance of horizontal competition: Yankuang Group and the Company entered into the restructuring agreement when the Company was carrying out the restructuring in 1997, pursuant to which Yankuang Group undertook that it would take various effective measures to avoid horizontal competition with the Company.	Year 1997 Long-term effective	None	Yes	Under normal performance	None

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date of Undertaking and Performance Period	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	Other	Yankuang Group	<p>Yankuang Group has made undertakings in relation to its finance business with Yankuang Finance Company as follows.</p> <p>1. In view of the independence of Yanzhou Coal in assets, business, personnel, finance, organizations and other aspects from Yankuang Group, Yankuang Group will continue to maintain the independence of Yanzhou Coal and fully respect its right of management; while Yanzhou Coal and its subsidiary Yankuang Finance Company will decide the financial business between Yankuang Finance Company and Yankuang Group on their own 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 laws and regulations, Articles and the articles of association of Yankuang Group Finance Co., Ltd.;</p>	27 July 2018 Long-term effective	None	Yes	Under normal performance	None

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date of Undertaking and Performance Period	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. To ensure the safety of the Company's fund managed by Yankuang Finance Company, Yankuang Group and its controlled enterprises undertake to carry out financial business with Yankuang Finance Company in accordance with relevant rules and regulations, and will not misappropriate the Company's fund through Yankuang Finance Company in any other forms.</p>					
			<p>3. In case that Yankuang Group or its controlled enterprises misappropriated any capital fund of Yanzhou Coal through Yankuang Finance Company and caused any loss to Yanzhou Coal, Yankuang Group and its controlled enterprises will make full amount compensation in cash.</p>					
			<p>4. Yankuang Group undertook to strictly abide by the relevant rules and regulations of CSRC, Shanghai Stock Exchange and the Articles, exercise the shareholder's rights and perform the shareholder's obligations as equally as other Shareholders, and neither seek unfair interest by use of the position of Controlling Shareholder, nor impair the legal interests of Yanzhou Coal and other public Shareholders.</p>					

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date of Undertaking and Performance Period	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	Yankuang Group and Yankuang Group (Hong Kong) Limited, the person acting in concert	Undertaking made as to increasing shareholding of the H Shares of the Company; Except that the exchangeable corporate bonds issued by Yankuang Group may affect Yankuang Group's shareholding of the Company, they undertook not to decrease shareholding of the Company on their own accord before the announcement in relation to completing the increase of shareholding and the relevant statutory period.	From 30 July 2019 to 30 January 2020	Yes	Yes	Completed	None
	Other	Yankuang Group and Yankuang Group (Hong Kong) Limited, the person acting in concert	Undertaking made as to increasing shareholding of the H Shares of the Company; Except that the exchangeable corporate bonds issued by Yankuang Group may affect Yankuang Group's shareholding of the Company, they undertook not to decrease shareholding of the Company on their own accord before the announcement in relation to completing the increase of shareholding and the relevant statutory period.	11 June 2020 to 11 December 2020	Yes	Yes	Under normal performance	None

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

IV. APPOINTMENT AND DISMISSAL OF ACCOUNTANTS

The explanation on the appointment and dismissal of accountants

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

The Company shall pay RMB8.85 million for the domestic and overseas audit services of 2020, including RMB6.85 million to Shine Wing Certified Public Accountants (special general partnership) for domestic service (Shine Wing Certified Public Accountants (special general partnership) needs to audit the internal control of the big data project of the Company, service fee are increased by RMB250,000) and RMB2.0 million to SHINEWING (HK) CPA Limited for overseas service. The Company is responsible for accountants' on-site accommodation and meal expenses, but not for any other related expenses such as travelling expenses. The Board was authorized to decide the fees paid for increased follow-up audit, internal control audit and other services due to the Company's new subsidiaries or changes of regulations.

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

The explanation on the change of accountants during the auditing period

Not applicable.

The Company's explanation on the non-standard audit report issued by the accountants

Not applicable.

The Company's explanation on the non-standard audit report issued by the CPA to the financial report in the 2019 annual report

Not applicable.

V. RELATED MATTERS ON BANKRUPTCY AND REORGANIZATION

Not applicable.

VI. SIGNIFICANT LITIGATION AND ARBITRATION EVENTS

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

Item Overview	Query Index
<p>Arbitration involving Inner Mongolia New Changjiang Mining & Investment Co., Ltd. (“New Changjiang”) and Yanzhou coal</p> <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 Yanzhou Coal and requested Yanzhou Coal to pay a total of approximately RMB1.435 billion, comprising the consideration for the equity transfer of RMB749 million, liquidated damages of RMB656 million, and the legal fees, arbitration fees and preservation fees involved in this case.</p> <p>CIETAC held two hearings on the case in October 2018 and December 2018, respectively, and no ruling was issued.</p> <p>In April 2019, New Changjiang changed its arbitration request to the termination of the equity transfer agreement and obtained the permission of CIETAC.</p> <p>CIETAC held the third and fourth hearings on the case in August 2019 and December 2019 respectively. Currently, there is no ruling issued yet.</p> <p>As the case is undergoing the arbitration procedure, the Company is unable to accurately estimate the impact of the arbitration on the current profit and post-period profit.</p>	<p>For details, please refer to the arbitration announcement dated 9 April 2018. The above announcement was also posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company and/or China Securities Journal, Shanghai Securities News and Securities Times.</p>

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

Item Overview

China Huarong Asset Management Co., Ltd. Inner Mongolia Autonomous Region Branch (“China Huarong”) Sued Ordos Jinchengtai Chemical Co., Ltd.(“Jinchengtai”) and Others for Contract Dispute that the Company Involved as Third Party

In June 2020, China Huarong submitted two complaints to Hohhot Intermediate People’s Court (“Hohhot Intermediate Court”) suing Jinchengtai for sales contract disputes, requiring Jinchengtai to repay debt principal and relevant interests of RMB451 million and RMB680 million, respectively. Since Jinchengtai has made a pledge to China Huarong through its account receivables of RMB2.1 billion by Yanzhou Coal, China Huarong sued the Company as a third party to Hohhot Intermediate Court, requiring the Company to bear the liability of repayment within the amount of the account receivables.

Hohhot Intermediate Court has not issued a judgement yet.

As the case is in the progress of the first-instance court, the Company is unable to estimate the impact of the arbitration on the current profit and post-period profit.

Query Index

For details, please refer to the announcement in relation to the Company participation in the lawsuit as third party dated 11 June 2020. The above announcement was also posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company and/or China Securities Journal, Shanghai Securities News and Securities Times.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

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

Unit: RMB

During the reporting period:

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Whether caused estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Weihai Commercial Bank Co., Ltd ("Weihai Commercial Bank")	Yanzhou Coal	Shandong Hengfeng Power Fuel Co., Ltd. ("Hengfeng Company") and 6 other persons with joint and several liabilities	Litigation	<p>In October 2015, citing the financial loan contract dispute, Weihai Commercial Bank appealed to Jining Intermediate People's Court ("Jining Intermediate Court") against 8 defendants including Hengfeng Company and Yanzhou Coal, requiring Hengfeng Company to repay the loan principal of RMB99.119 million and corresponding interest. Because Hengfeng Company made a pledge to the plaintiff on its account receivables of RMB103.42 million by Yanzhou Coal (suspected of counterfeiting), Weihai Commercial Bank required Yanzhou Coal bear the liability of repayment within the amount of the account receivables.</p> <p>In October 2018, the Company received the first-instance judgment and lost the case. And the Company lodged an appeal to Shandong High People's Court ("Shandong High Court").</p> <p>In May 2019, it was the ruling of the second instance of the Shandong High Court that the case shall be reheard to Jining Intermediate Court for re-trial.</p> <p>In January 2020, Jining Intermediate Court reheard and rejected Weihai Commercial Bank's claims, and Weihai Commercial Bank appealed to Shandong High Court.</p> <p>Currently, Shandong High Court has not ruled yet.</p>	RMB99.119 million	No	In the retrial procedure at the second instance	The case is currently in the progress of retrial procedure at the second instance, the Company is unable to estimate the impact of the litigation on and post-period profit currently.	-

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Whether caused estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
China Construction Bank Jining Dongcheng Sub-branch ("CCB Jining Dongcheng Sub-branch")	Yanzhou Coal	Chai Tao and other 4 persons with several and joint liability	Litigation	<p>In November 2015, CCB Jining Dongcheng Sub-branch sued 7 defendants, including Hengfeng Company and Yanzhou Coal, to Jining Intermediate Court on the grounds of financial loan contract disputes, requesting Hengfeng Company to repay the loan principal of RMB59.669 million and corresponding interest. As Hengfeng Company pledged its account receivables by Yanzhou Coal of RMB79.1312 million (suspected of counterfeiting) to CCB Jining Dongcheng Sub-branch, CCB Jining Dongcheng Sub-branch requested Yanzhou Coal to repay as per the pledged accounts receivable of RMB79.1312 million.</p> <p>In April 2018, Jining Intermediate Court ruled that Yanzhou Coal should bear the priority liability of repayment in an amount within the pledged accounts receivable of RMB79.1312 million. Yanzhou Coal lodged an appeal to Shandong High Court.</p> <p>In December 2018, Shandong High Court ruled at the second instance that the case shall be reheard by Jining Intermediate Court.</p> <p>In July 2020, Jining Intermediate Court reheard the case and ruled at the first instance that the Company shall bear part liability. The Company lodged an appeal to Shandong High Court.</p>	RMB59.669 million	No	In the retrial procedure at the second instance	The case is currently in the progress of retrial procedure at the second instance, and the Company is unable to estimate the impact of the suit on its post-period profit.	-

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Whether caused estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Yanzhou Coal	Rizhao Shanneng International Logistics Co., Ltd. ("Shanneng International")	No	Litigation	<p>In November 2016, citing the coal sales contract dispute, the Company sued to Rizhao City Intermediate People's Court ("Rizhao Intermediate Court"), requesting Shanneng International to repay RMB80 million to the Company as goods payment and corresponding interest.</p> <p>In November 2018, the Company received the judgment of Rizhao Intermediate Court at the first trial that Yanzhou Coal won the suit. Shanneng International lodged an appeal to Shandong High Court</p> <p>In June 2019, Shandong High Court ruled at the second instance that the case shall be reheard by Rizhao Intermediate Court for retrial.</p> <p>Currently, Rizhao Intermediate Court has not ruled yet.</p>	RMB80 million	No	In the retrial procedure at the first instance.	The case is currently in the progress of the retrial procedure at the first instance. The Company has fully recognized impairment for the fund in relation to the case in previous period, so the litigation will not impact post-period profit.	-

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Whether	Progress	Judgment and impact	Judgment execution
						caused estimated liabilities and amount			
China Construction Bank Jining Guhuailu Branch ("CCB Jining Guhuailu Branch")	Yanzhou Coal	Jining Liaoyuan Trade Co., Ltd. ("Jining Liaoyuan") and 6 other persons with joint and several liability	Litigation	<p>In June 2017, citing the financial loan contract dispute, CCB Jining Guhuailu Branch, as the plaintiff, sued 8 defendants including Jining Liaoyuan and Yanzhou Coal to Jining Intermediate Court, requiring Jining Liaoyuan to repay loan principal of RMB95.8596 million and corresponding interest. Since Jining Liaoyuan pledged accounts receivables of RMB90.52 million by Yanzhou Coal (suspected of counterfeiting) to CCB Jining Guhuailu Branch, CCB Jining Guhuailu Branch required the Company to bear the liability of repayment within the amount of the account receivables.</p> <p>In January 2018, Jining Intermediate Court heard the case. The Company applied for judicial authentication of the seals and signatures in relevant evidences at the court. The judicial authentication verified that the signatures were real and the seals were forged.</p> <p>In November 2018, the Company lost the suit at the first trial and the Company lodged an appeal to Shandong High Court.</p> <p>In August 2019, Shandong High Court ruled that the case shall be reheard by Jining Intermediate Court for retrial.</p> <p>In April 2020, Jining Intermediate Court rejected the plaintiff's claims on the Company, and the Company bear no liability. The plaintiff appealed to Shandong High Court.</p> <p>Currently, Shandong High Court has not ruled yet.</p>	RMB90.52 million	No	In the retrial procedure at the second instance	The case is currently in the retrial procedure at the second instance, the Company is unable to estimate the impact of the litigation on its post-period profit currently.	-

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Whether caused estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Xiamen Xinda Co., Ltd. ("Xiamen Xinda")	Shandong Zhongyin Logistics Co., Ltd. ("Zhongyin Logistics")	Yanzhou Coal	Litigation	<p>In March 2020, citing the sales contract dispute, Xiamen Xinda sued Zhongyin Logistics and the Company to Xiamen Intermediate People's Court ("Xiamen Intermediate Court"), requiring Zhongyin Logistics to return goods principal and corresponding interest totaling RMB232.6609 million and requiring the Company to bear joint liability.</p> <p>Currently, Xiamen Intermediate Court has not ruled yet.</p>	RMB232.6609 million	No	In the retrial procedure at the first instance.	The case is currently in the retrial procedure at the first instance, the Company is unable to estimate the impact of the litigation on its post-period profit currently.	-
Yanzhou Coal	Shandong Changjinhao Coal Mining Co., Ltd. ("Changjinhao")	Wang Fu'en and other 2 persons with joint and several liabilities	Litigation	<p>In December 2018, citing the coal sales contract dispute, the Company sued Changjinhao at Jining Intermediate Court, requiring Changjinhao to pay RMB56.3893 million of goods payment and corresponding interests, and requiring Wang Fuen, Ji Jianyong and Wu Zhaobin to bear joint and several liabilities.</p> <p>In September 2019, Jining Intermediate Court ruled in the first instance that the Company won the case. Given the verdict in the first instance did not achieve the Company's goal, the Company lodged an appeal to Shandong High Court.</p> <p>In May 2020, Shandong High Court rejected the Company's appeal and affirmed the original judgement in the first instance.</p> <p>In July 2020, the Company lodged an application to Jining Intermediate Court for compulsory enforcement.</p>	RMB56.3893 million	No	Concluded	The case is concluded, and the Company has fully recognized impairment for the fund in relation to the case in previous period, so the litigation will not impact post-period profit.	-

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Whether	Progress	Judgment and impact	Judgment execution
						caused estimated liabilities and amount			
Shanghai Jiaorun International Trade Co., Ltd. ("Shanghai Jiaorun")	Qingdao Zhongyan	Zhongyuan Huijin Logistics (Tianjin) Co., Ltd ("Zhongyuan Huijin")	Litigation	<p>In December 2018, citing coal sales contract dispute, Shanghai Jiaorun lodged a lawsuit to Qingdao Intermediate People's Court ("Qingdao Intermediate Court") against Qingdao Zhongyan, a wholly-owned subsidiary of the Company, and Zhongyuan Huijin as a party to bear joint and several responsibilities, requiring Qingdao Zhongyan and Zhongyuan Huijin to refund goods payment, to bear liquidated damages and related losses accrued totaling RMB80 million.</p> <p>In November 2019, Qingdao Intermediate Court of the first instance rejected Shanghai Jiaorun's lawsuit against Qingdao Zhongyan, and Qingdao Zhongyan bear no responsibility. Shanghai Jiaorun appealed to Shandong High Court.</p> <p>In June 2020, Shandong High Court ruled at the second instance that Qingdao Zhongyan to refund Shanghai Jiaorun goods payment of RMB60.13 million and corresponding interest.</p>	RMB80 million	No	Concluded	The Company paid RMB68.16 million to Shanghai Jiaorun in accordance with the court's judgement.	Completed
Yanzhou Coal	Bill debtors including Baota Shenghua Trading Group Co., Ltd, Inner Mongolia Yanmeng Coal Transportation and Sales Co. Ltd.	Other bill debtors including Baota Petrochemical Group Finance Co., Ltd. ("Baota Finance Company"), Baota Petrochemical Group Co., Ltd.	Litigation	<p>In January 2019, citing the bills dispute, the Company sued in 89 cases against related bills debtors to Liangshan People's Court, claiming to exercise its rights of recourse to the bills. The Company holds 150 pieces of acceptance bills issued by Baota Finance Company as the drawee, with a total amount of RMB272.1 million. As Baota Finance Company cannot meet the due payment, the Company exercises the right of recourse to safeguard its legitimate rights and interests.</p> <p>Currently, the Company has recovered RMB3 million in two cases, which were settled; the remaining 87 cases have been transferred to Yinchuan Intermediate Court.</p> <p>Currently, the Company has received the Court's ruling in first instance in favor of for 85 cases.</p>	RMB272.1 million	No	Relevant cases have started hearing, some of which has been judged.	As at the end of the reporting period, the Company has fully recognized impairment for fund in relation to the cases, so the litigation will not impact post-period profit.	-

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Whether caused estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
CRRC Shijiazhuang Vehicle Co., Ltd., Shijiazhuang Gongbei Heavy Machinery Co., Ltd. and other bill holders	Yanzhou Coal	Beijing Baota International Economic and Technological Cooperation Co., Ltd., Baota Finance Co., Ltd. and other bill debtors	Litigation	<p>From December 2018, citing the bill dispute, the holders of the acceptance bills of exchange of Baota Finance Company sued Yanzhou Coal in 40 cases one after another respectively, demanding to exercise the right of recourse for bills, involving a total amount of RMB50.5 million.</p> <p>Up to present, the Company has lost 22 cases and paid RMB21.4 million; and 8 cases are immune from liabilities with value of RMB8.5 million. Other cases are still under trial and no judgement has yet been given.</p>	RMB47.1 million	No	Relevant cases have started hearing, some of which has been judged.	The Company had paid RMB21.4 million pursuant to the judgement.	-
Shandong Zikuang Coal Transport and Marketing Co., Ltd. ("Zikuang Transport and Marketing Company")	Yanzhou Coal	No	Litigation	<p>In May 2019, citing the sales contract dispute, Zikuang Transport and Marketing Company sued Yanzhou Coal to Jining Intermediate Court, requiring Yanzhou Coal to repay coal prepayment of RMB25.478 million, interest loss of RMB7.042 million, the loss of anticipated benefits of RMB0.936 million and the expenses for realizing creditor's rights of RMB0.5 million, adding up to RMB33.956 million.</p> <p>In October 2019, Jining Intermediate Court ruled to reject the appeal of Zikuang Transport and Marketing Company, and Yanzhou Coal won the lawsuit. Zikuang Transport and Marketing appealed to Shandong High Court.</p> <p>In March 2020, Shandong High Court ruled at the second instance that the Company won the lawsuit.</p>	RMB33.956 million	No	Concluded	The case is concluded, and the litigation will not impact the Company's post-period profit.	-
Yanzhou Coal	Inner Mongolia Mining (Group) Co., Ltd. ("Inner Mongolia Mining")	No	Litigation	<p>In May 2020, citing the loan contract dispute, Yanzhou Coal sued Inner Mongolia Mining to Ordos Intermediate People's Court ("Ordos Intermediate Court"), requiring Inner Mongolia Mining to repay loan principal of RMB1,070 million, and corresponding interest and penalty for late payment.</p> <p>Currently, Ordos Intermediate Court has not ruled yet.</p>	RMB1,070 million	No	In the retrial procedure at the first instance.	The case is currently in the retrial procedure at the first instance, the Company is unable to estimate the impact of the litigation on its post-period profit currently.	-

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Respondent	Joint and several liable party	Type	Background	Amount involved	Whether caused estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Yanzhou Coal	Linyi Mengfei Trading Co., Ltd. ("Linyi Mengfei")	Huasheng Jiangquan Group Co., Ltd. ("Jiangquan Group"), Zhang Yinlong, Wang Wentao, Wang Wensheng	Litigation	In July 2020, citing the coal sales contract dispute, Yanzhou Coal sued Linyi Mengfei to Jining Intermediate Court, requiring Linyi Mengfei to refund the payment for goods of RMB140.9408 million and accrued interests and expenses, and Jiangquan Group, Zhang Yinlong, Wang Wentao, Wang Wensheng to bear joint and several responsibilities for abovementioned payment. Currently, Jining Intermediate Court has not ruled yet.	RMB140.9408 million	No	In the retrial procedure at the first instance.	The case is currently in the retrial procedure at the first instance, the Company is unable to estimate the impact of the litigation on its post-period profit currently.	-

Note: The Company won and concluded three cases, i.e. the arbitration on dispute between Shanxi Neng Hua and Shanxi Jinhui Coking Chemical Co., Ltd., the sales contract dispute between Shandong Yanmei Rizhao Port Coal Storage and Blending Co., Ltd. ("Rizhao Coal Storage and Blending") and Wuxi City Shengluda Power Fuel Co., Ltd., and the sales contract dispute between Rizhao Coal Storage and Blending and Rizhao Tengtu Investment Co., Ltd., and currently the Company is implementing the enforcement of the judgement. The Company has fully recognized impairment for the fund in relation to abovementioned cases in previous period, so the cases will not impact the Company's post-period profit.

(III) Other Explanation

Not applicable.

VII. PUNISHMENT AND RECTIFICATION ON THE LISTED COMPANY, ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER, ACTUAL CONTROLLERS AND THE BUYER

During the reporting period, the Company and its Directors, Supervisors, senior management, Controlling Shareholder and actual controllers were not subject to investigation by competent authorities, or imposed any compulsory measures by judicial and discipline inspection departments, or transferred to judicial organs or prosecuted for criminal liability, inspected or imposed administrative penalty by the CSRC prohibited from entry into the securities market, publicly criticized, identified as inappropriate candidates, given major administrative penalties by other administrative departments and reprimanded by stock exchanges publicly.

VIII. THE EXPLANATION ON THE CREDIT CONDITIONS OF THE COMPANY, CONTROLLING SHAREHOLDER AND ACTUAL CONTROLLERS

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 judgment of the court and the large amount of debt due but unliquidated.

IX. 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

Overview	Inquiry Index
<p>As reviewed and approved at the 2019 first extraordinary general meeting, the 2019 first class meeting of holders of A Shares and the 2019 first class meeting of holders of H Shares on 12 February 2019, the Company implemented the 2018 A Share Option Scheme. On the same day, as reviewed and approved at the twenty-third meeting of the seventh session of the Board, the Company adjusted the grantees under the 2018 A Share Option Scheme and granted 46.32 million share options to 499 eligible participants. On 21 February 2019, the Company completed the granting registration of the share options for the Share Incentive Scheme.</p>	<p>For details, please refer to the announcements dated 12 February 2019 in relation to resolutions passed at the 2019 first extraordinary general meeting, the 2019 first class meeting of holders of A Shares, the 2019 first class meeting of holders of H Shares, and the resolution passed at the twenty-third meeting of the seventh session of the Board in relation to the adjustment and granting of the Share Options Scheme, as well as the announcement in relation to the completion of the granting registration of the Share Option Scheme on 21 February 2019. The above announcements were also posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company and/or China Securities Journal, Shanghai Securities News and Securities Times.</p>

Abstract of the Share Option Scheme (the “Share Option Scheme”)

1. The purpose of the Share Option Scheme

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

2. The scope of participants of the Share Option Scheme

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

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

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

The number of A share options to be granted under the Share Option Scheme is 46.68 million, representing approximately 0.95% of the total issued share capital of the Company as at the disclosure date of the Share Option Scheme (i.e. 4,912,016 million shares). The Board then adjusted the number to 46.32 million, representing approximately 0.94% of the total share capital of the Company as at the disclosure date of the Share Option Scheme.

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 the share options may exceed 1% of the Company's total share capital as at the date of consideration and approval of the Share Option Scheme at the extraordinary general meeting, and shall not exceed 1% of the Company's total number of issued A Shares on the same day.

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

The vesting period is a period from the date of granting the share options to the exercise date of the share options. The vesting periods under the Share Option Scheme can be 24 months, 36 months and 48 months commencing from the date of granting, respectively.

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

The share options granted under the Share Option Scheme, shall be exercised on any trading day, except during the following periods, upon expiry of 24 months since 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 5 SIGNIFICANT EVENTS – CONTINUED

The above-mentioned “significant events” refer to transactions or other significant events shall be disclosed in accordance with Rules Governing the Listing of Stocks of the Shanghai Stock Exchange.

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

Arrangement for the exercise	Exercise Period	Proportion of exercisable Share Options to the total number of granted Share Options
First Exercise Period	Commencing from the first trading day after the expiry of the 24th month from the date of grant, and ending on the last trading day of the 36th month from the date of granting the share options	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 granting the share options	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 granting the share options	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 fulfilled, the options not exercised during the corresponding period shall be cancelled by the Company.

7. *The exercise price of the share options granted under the Share Option Scheme*

The exercise price of each option granted under the Share Option Scheme is RMB9.64. 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, share bonus distribution, share split or drawn back, right issue or dividend distribution of the Company.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

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

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

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

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

The Share Option Scheme comes into effect since the approval by the shareholders' meetings. The validity period of the share options granted under the Share Option Scheme shall not exceed 60 months commencing from the date of granting the share options.

10. *Granting, exercise and cancellation of share options during the reporting period*

On 21 February 2019, the Company completed the granting registration under the Share Option Scheme, and a total of 46.32 million share options were granted. The name list of the participants and number of options granted are identical with that of the resolution as approved at the twenty third meeting of the seventh session of the Board of the Company. None of the share options granted under the Share Option Scheme is in the exercising period.

For details, please refer to the Announcement on Granting of Share Options to the Participants under the 2018 A Share Option Scheme of Yanzhou Coal Mining Company Limited, and the Announcement on the Name list of the Participants as of the Granting Day of the 2018 A Share Option Scheme of Yanzhou Coal Mining Company Limited dated 12 February 2019. The above announcements were also posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company and/or China Securities Journal, Shanghai Securities News and Securities Times.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

Long-term Incentive Scheme of Yancoal Australia

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

For details, please refer to the resolution announcement of Yancoal Australia 2018 Annual General Meeting dated 30 May 2018, the results announcement of the year ended 31 December 2018 dated 25 February 2019, the results announcement of the year ended 31 December 2019 dated 28 February 2020 and the announcement of the rights to issuing performance shares dated 15 June 2020. The above announcements were also posted on the websites of Yancoal Australia, the Australia Stock Exchange and/or the HKEX.

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

Share Option Incentive Schemes

Not applicable.

Other Explanation

Not applicable.

Employee Shareholding Scheme

Not applicable.

Other Incentive Schemes

Not applicable.

X. MAJOR CONNECTED/RELATED TRANSACTIONS

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

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

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

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

Not applicable.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

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

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

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

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

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

The sales of goods and provision of services by the Group to its Controlling Shareholder amounted to RMB1.611 billion in the first half of 2020. The goods and services provided by the Controlling Shareholder to the Group amounted to RMB1.191 billion.

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

	For the six months ended 30 June 2020		For the six months ended 30 June 2019		Increase/ decrease of connected/ related Transactions (%)
	Amount (RMB'000)	Percentage of operating revenue (%)	Amount (RMB'000)	Percentage of operating revenue (%)	
Sales of goods and provision of services by the Group to its Controlling Shareholder	1,611,140	1.47	1,967,987	1.86	-18.13
Sales of goods and provision of services by the Controlling Shareholder to the Group	1,190,596	1.09	688,478	0.65	72.93

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

The table below shows the effect on the Group's profits from sales of coal by the Group to the Controlling Shareholder for the six months ended 30 June 2020:

	Sales income (RMB'000)	Sales cost (RMB'000)	Gross profit (RMB'000)
Coal sold to the Controlling Shareholder	1,035,437	767,482	267,955

Pursuant to the Provision of Insurance Fund Management Services Agreement, the Controlling Shareholder shall provide free management and transferring services for the Group employees' basic pension insurance fund, basic medical insurance fund, supplementary medical insurance fund, unemployment insurance fund, maternity insurance fund and industrial injury fund (the "Insurance Fund"). The actual amount of the Insurance Fund paid by the Group for the six months ended 30 June 2020 was RMB357 million.

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

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

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

The Group did not pay entrusted management fee to Yankuang Group for the first half of 2020.

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

As considered and approved at the twentieth meeting of the seventh session of the Board held on 5 December 2018, the Company entered into the Entrusted Management Agreement with Yankuang Group, which defines the annual caps for a period from 2019 to 2020. The price was mainly determined based on the actual cost plus reasonable profit.

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

As at the end of reporting period, the conditions of payment have not yet been met.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

④ Continuing connected/related transaction of financial services

As approved at the 2019 second extraordinary general meeting of shareholders held on 1 November 2019, the Financial Services Agreement between Yankuang Finance Company and Yankuang Group were renewed, pursuant to which Yankuang Finance Company shall provide deposit services, comprehensive credit facility services and other miscellaneous financial services to Yankuang Group from 2020 to 2022 within the annual caps for the transactions (if applicable). And the relevant deposit interest rate, loan interest rate and service charges shall be determined in accordance with relating regulations of People's Bank of China or China Banking and Insurance Regulatory Commission and with reference to normal commercial terms.

As at 30 June 2020, the comprehensive credit balance of Yankuang Group in Yankuang Finance Company was RMB4.361 billion, and the financial service fee occurred in 2020 was RMB631,000.

⑤ Continuing connected/related transaction of financial leasing

As reviewed and approved at the thirtieth meeting of the seventh session of the Board held on 30 December 2019, the Financial Leasing Agreement was entered into between Zhongyin Financial Leasing and Yankuang Group, which defines the transaction cap for the year 2020. And the interest rate for financial leasing shall be no less than 5% higher than the quoted loan market rate for the corresponding period published by the National Inter-bank Lending Center, and the highest rate shall not exceed 7.5%.

In according to the Financial Leasing Agreement, Zhongyin Financial Leasing shall provide financial leasing services to Yankuang Group and its subsidiaries excluding Yanzhou Coal and its subsidiaries, and a one-time commission fee or consulting fee shall be charged on or before the day when Zhongyin Financial Leasing pays the consideration for the leased asset, and a quarterly rental shall be charged.

In the first half of 2020, Zhongyin Financial Leasing has not provided financial leasing services to Yankuang Group and its subsidiaries (not including Yanzhou Coal and its subsidiaries) yet.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

⑥ Continuing connected/related transaction of rental housing

As considered and approved at the thirty-first meeting of the seventh session of the Board dated 7 February 2020, Shanghai Dongjiang Real Estate Development Co., Ltd. (“Dongjiang Company”), a wholly-owned subsidiary of the Company, entered into the Lease Agreement in relation to Shanghai Dongjiang Pearl Square with Shanghai Yankuang Xinda Hotel Co., Ltd. (“Shanghai Xinda”), a subsidiary of Yankuang Group. The rent standard shall be determined based on the market price of similar rental premises in Shanghai.

In accordance with the Lease Agreement, Dongjiang Company leased the real estate located at No. 303, Mingzhu Road, Xujing County, Qingpu District, Shanghai to Shanghai Xinda. The rent will be paid in installments before use each year with half of the rent payable in January and the other half in July of each year.

In according to the Lease Agreement, Shanghai Xinda is free of rent charge for 10 months of decoration period (from 1 March 2020 to 31 December 2020). Therefore, Shanghai Xinda need not pay rent to Dongjiang Company for the first half year of 2020.

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

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

No.	Type of connected/related transaction	Agreement	Annual Transaction Cap for the Year 2019 (RMB'000)	Annual Transaction Amount for the Year 2019 (RMB'000)
1	Material and facilities provided by Yankuang Group	Provision of Materials Supply Agreement	300,000	104,750
2	Labor and services provided by Yankuang Group Labor and services provided to Yankuang Group	Mutual Provision of Labor and Services Agreement	2,768,270 179,100	646,094 26,630
3	Insurance fund management and payment services provided by Yankuang Group (free of charge) for the Group's staff	Provision of Insurance Fund Administrative Services Agreement	1,669,080	357,237
4	Sale of products, material and equipment lease provided to Yankuang Group	Provision of Products, Material and Equipment Leasing Agreement	4,876,700	1,528,880
5	Procurement of bulk commodities from Yankuang Group Sale of bulk commodities to Yankuang Group	Bulk Commodities Sales and Purchase Agreement	5,140,000 4,281,000	439,751 55,629
6	Financial services to Yankuang Group	Comprehensive Credit Financial service fee Financial Services Agreement	9,400,000 4,000	4,361,220 631
7	Commissioned management service of chemical projects by Yankuang Group Marketing and sales agent service by Yankuang Group	Chemical Projects Entrusted Management Agreement	5,500 34,500	0 0
8	Provision of entrusted management services to the controlling shareholder	Entrusted Management Special Agreement	7,300	0
9	Provision of financial leasing services to the controlling shareholder	Total amount of financing Interests and expenses Financial Leasing Agreement	814,000 64,000	0 0
10	Rental housing services to the controlling shareholder	Lease Agreement	0	0

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

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

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

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

In the first half of 2020, the aggregate amount of commodity sold by the Group to Century Ruifeng was RMB135.8267 million. Century Ruifeng did not sell any commodity to the Group.

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

① Continuing connected/related transaction of coal sales

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

The 2020 annual cap for coal sales of the Group to Glencore and its subsidiaries was USD350 million. In the first half of 2020, the Group did not sell coal to Glencore and its subsidiaries.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

② Continuing connected/related transaction of coal purchase

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

The 2020 annual transaction amount for coal purchase (on equity basis) of the Group from Glencore under HVO Sales Contract was USD750 million. For the first half of 2020, the connected transaction amount between the Group and Glencore was approximately USD218 million.

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

The 2020 annual cap for coal purchase of the Group from Glencore and its subsidiaries under the Coal Purchase Framework Agreement was USD350 million. In the first half of 2020, the connected transaction amount between the Group and Glencore was approximately USD45 million.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

③ Continuing connected/related transaction of coal sales service

At the 2018 second extraordinary general meeting of the Company held on 24 August 2018, the HVO Services Agreement between Yancoal Australia and Glencore, together with the estimated maximum annual transaction amounts for such transaction for the years of 2018 to 2020 were approved. According to this agreement, HV Operations Pty Ltd.(the “HV Operations”), a controlled subsidiary of Yancoal Australia, shall pay the follows to Glencore: (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 particularities. Both parties agreed that Glencore provide monthly invoice to HV Operations and HV Operations shall finish the payment within 5 business days after receiving such invoice.

The Group’s annual cap of service purchase from Glencore in 2020 was USD18 million. In the first half of 2020, this connected/related transaction involved approximately USD6.47 million.

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

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

The 2020 annual cap for diesel fuel purchase of HV Operations from GAO was AUD180 million. In the first half of 2020, the connected transaction amount was approximately AUD58 million.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

(4) Approval and implementation of continuing connected/related transactions with Sojitz during the reporting period

At the 2018 second extraordinary general meeting of the Company held on 24 August 2018, it was reviewed and approved that: ① Yancoal Australia – Sojitz Coal Sales Agreement between Yancoal Australia and Sojitz (Sojitz is a substantial shareholder of the Company's subsidiary and a connected person of the Company), together with the annual caps for such transaction for the years of 2018 to 2020. ② Syntech – Sojitz Coal Sales Agreement between Syntech Holding Pty Ltd ("Syntech"), a wholly-owned subsidiary of the Company, and Sojitz, together with the annual caps for such transaction for the years of 2018 to 2020. The final transaction prices for the above two agreements will be finally determined on the basis of fair negotiation, in accordance with normal commercial terms and with reference to the market price of relevant type of coal at the time. The payment time for transaction shall be determined by both parties in accordance with international practices and applicable laws and regulations in this agreement and be specified in details in the specific coal sales agreements.

The annual cap for the above-mentioned two transactions was USD100 million and USD150 million, respectively, totaling USD250 million. In the first half of 2020, the Group has sold coal to Sojitz and its subsidiaries amounting approximately USD28 million.

3. *Undisclosed events in extraordinary announcements*

Not applicable.

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

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

Not applicable.

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

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

As considered and reviewed at the thirty-second meeting of the seventh session of the Board dated 27 March 2020, the Joint Venture Interest Sale Deed was entered into between Yancoal Australia and its wholly-owned subsidiary, Yancoal Moolarben Pty Ltd ("Yancoal Moolarben") with Sojitz Moolarben Resources Pty Ltd ("Sojitz"), a wholly-owned subsidiary of Sojitz Corporation. Yancoal Moolarben purchased 10% equity interests of Moolarben Coal Joint Venture held by Sojitz at a consideration of AUD300 million.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

As of the date of this report, Yancoal Moolarben and Sojitz have completed the 10% equity interest transfer in relation to Moolarben Coal Joint Venture.

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

(2) Connected/related transaction of disposal of 100% equity interests of non-coal trading companies

As considered and reviewed at the thirty-second meeting of the seventh session of the Board dated 27 March 2020, an equity purchase agreement was entered into between Yancoal International and Yankuang Aluminum (Hong Kong) Company ("Aluminum Hong Kong Company"), a wholly-owned subsidiary of Yankuang Group. Yancoal International sold the 100% equity interests of Yancoal International Trade Co., Ltd and Yancoal International (Singapore) Co., Ltd. to Aluminum Hong Kong Company at a consideration of RMB150.6712 million.

As of the date of this report, Yancoal International and Aluminum Hong Kong Company have completed the 100% equity interest transfer in relation to Yancoal International Trade Co., Ltd and Yancoal International (Singapore) Co., Ltd.

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

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.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

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

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

Not applicable.

2. *Events disclosed in extraordinary announcements and with subsequent progress or change*

Not applicable.

3. *Matters not disclosed in extraordinary announcement*

Not applicable.

(IV) Credit and Debt Obligation among Related Parties

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

Not applicable.

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

Not applicable.

3. *Events not disclosed in extraordinary announcements*

Unit: RMB100 million

Related parties	Relationship	Fund provided to related parties			Fund provided to the Company		
		Balance at the beginning	Amount occurred	Closing balance	Balance at the beginning	Amount occurred	Closing balance
Yankuang Group	Controlling Shareholder	78.12	61.00	86.90	116.49	19.40	140.66
Century Ruiteng	Other related party	0	1.36	0.02	0.83	1.71	1.43
Glencore and its subsidiaries	Other related party	0	0	0	0	22.86	0
Sojitz and its subsidiaries	Other related party	0	2.12	0	0	0	0
Total		78.12	64.48	86.92	117.32	43.97	142.09

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

Impact on the operating result and financial conditions of the Company by credit and debt obligation No significant impact

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

(V) Other significant connected transactions.

Not applicable.

(VI) Others

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

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

XI. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trust, Contract or Lease

Not applicable.

(II) Guarantees

Unit: RMB100 million

External guarantee of the Company (excluding guarantees to the subsidiaries)	
Total amount of guarantee during the reporting period (excluding guarantees to the subsidiaries)	0
Total guarantee balance by the end of the reporting period (A) (excluding guarantees to the subsidiaries)	0
Guarantees to subsidiaries by the Company	
Total amount of guarantee to subsidiaries during the reporting period	68.38
Total balance of guarantee to subsidiaries by the end of the reporting period (B)	270.02
Total guarantees (including guarantees to subsidiaries)	
Total amount of guarantees (A+B)	270.02
Percentage of total amount of guarantee in the net assets of the Company (%)	41.20
Of which:	
Number of guarantees to Shareholders, actual controllers, and related parties (C)	0

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

Amount of guarantees directly or indirectly to guaranteed parties with a debt-to-assets ratio exceeding 70% (D)	120.92
Total amount of guarantee exceeding 50% of net assets (E)	0
Total amount of the above 3 categories guarantees (C+D+E)	120.92
Explanation on unexpired guarantee that may be subject to joint and several liability	None
Guarantee explanations	

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

As considered and approved at the 2011 annual general meeting, Yancoal Australia took a bank loan of USD3.04 billion for acquisition of equity interests in Felix. As at 30 June 2020, the balance of the above bank loan was USD975 million. The Company provided the guarantees of USD570 million and RMB3.31 billion to Yancoal Australia.

As considered and approved at the 2012 second extraordinary general meeting, the Company provided guarantees to Yancoal International Resources, for issuing USD1.0 billion corporate bonds in the overseas market. As at 30 June 2020, the balance of the above guarantee was USD104 million.

As considered and approved at the 2016 annual general meeting, the Company provided guarantee in the amount of RMB1.21 billion to Zhongying Financial Leasing; and as considered and approved at the 2017 annual general meeting, the Company provided guarantee in the amount of RMB1.224 billion to Zhongying Financial Leasing; As at 30 June 2020, the balance of the above guarantee was RMB2.434 billion.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

As considered and approved at the 2017 annual general meeting, the Company provided guarantees to Yancoal International Resources, for issuing USD335 million corporate bonds. As at 30 June 2020, the balance of the above guarantee was USD335 million.

As considered and approved at the 2017 annual general meeting, the Company provided guarantee of RMB50 million to Duanxin Commercial Factoring (Shenzhen) Co., Ltd. As at 30 June 2020, the balance of the above guarantee was RMB50 million.

As considered and approved at the 2017 annual general meeting, the Company provided guarantee of RMB30 million to Duanxin Supply Chain (Shenzhen) Co., Ltd. As at 30 June 2020, the balance of the above guarantee was RMB30 million.

As considered and approved at the 2018 annual general meeting, the Company provided guarantee in the amount of RMB1.83 billion to its holding subsidiary, Qingdao Vast Lucky Co., Ltd. (“Qingdao Vast Lucky”). As at 30 June 2020, the balance of the above guarantee was RMB1.83 billion.

As considered and approved at the 2018 annual general meeting, the Company provided guarantee in the amount of RMB1.455 billion to Qingdao Zhongyan. As at 30 June 2020, the balance of the above guarantee was RMB1.445 billion.

As at 30 June 2020, Yancoal Australia and its subsidiaries produced performance deposits and performance guarantees in a total of AUD827 million due to operational necessity.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

2. Guarantees arising during the reporting period

As reviewed and approved at the 2018 annual general meeting of the Company, the Company has provided guarantees to Qingdao Vast Lucky, Zhongyin Financial Leasing, Qingdao Zhongyan, Shandong Zhongyin International Trade, Yancoal International of RMB940 million, RMB857 million, RMB1,26 billion, RMB200 million and USD490 million, respectively.

As approved at the 2019 annual general meeting of the Company, Yancoal Australia and its subsidiaries provided a guarantee in an amount not exceeding AUD1.2 billion per year to its subsidiaries for their daily operation. During the reporting period, Yancoal Australia and its subsidiaries produced performance deposits and performance guarantees totaled AUD23 million due to operational necessity.

Note: The table above was prepared in accordance with the CASs and calculated at USD/RMB exchange rate of 7.0795 and AUD/RMB exchange rate of 4.8657.

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

(III) Other Material Contract

Not applicable.

(IV) Other Significant Events

1. *Sale of shares the Company held in Dongguan Haichang Industry Co., Ltd. (“Haichang Company”)*

As considered and approved at the general manager work meeting of the Company held on 7 January 2019 and in accordance with relevant provisions specified in the Capital Increase Agreement, Supplementary Agreement and Shares Repurchase Agreement between the Company and Dongguan Guantai Industry Co., Ltd. (“Guantai Industry”), the Company sold 20.89% of equity interest in Haichang Company held by the Company for a consideration of RMB784 million to Guantai Industry. As at the disclosure date of this report, the Company has finished handling the change of business registration procedure upon receipt of the remaining transaction payment.

2. *Sales of 50% shares of Shengdi Fenlei Coal Preparation Engineering Technology (Tianjin) Co., Ltd. (“Shengdi Fenlei”)*

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

3. *Cancellation of Xinyinlian Co., Ltd.*

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

4. *Sales of 100% shares of Yijinhuoluo Anhe Coal Co., Ltd.*

As reviewed and approved at general manager work meeting of the Company held on 17 June 2020, the Company proposed to sell its 100% equity interests in Yijinhuoluo Anhe Coal Co., Ltd through public bidding. Currently, the Company is going through the bidding and transfer procedure of such matter.

5. *Sales of 0.3425% shares of Shaanxi Future Energy & Chemicals Co., Ltd.*

As reviewed and approved at general manager work meeting of the Company held on 17 June 2020, the Company proposed to sell its 0.3425% equity interests in Shaanxi Future Energy & Chemicals Co., Ltd to Yulin Yuyang State-owned Assets Operation Co., Ltd. at the price of RMB18.495 million. As at the disclosure date of this report, the industrial and commercial registration procedure of such equity transfer has been completed.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

XII. PERFORMANCE OF POVERTY ALLEVIATION BY THE COMPANY

1. Accurate poverty alleviation plan

In the first half of 2020, the Company actively fulfilled its social responsibilities in accordance with the national targeted poverty alleviation plan and the actual situation of the Company. The Company has deepened local-enterprise cooperation by formulating various forms of poverty alleviation plans such as political poverty alleviation, material poverty alleviation, industrial poverty alleviation, cultural poverty alleviation, and education poverty alleviation.

2. Summary of accurate poverty alleviation during the reporting period

In the first half of 2020, while realizing the steady development, the Group invested RMB4.38 million in assistance funds to implement the five-in-one poverty alleviation plan of “political poverty alleviation, material poverty alleviation, industrial poverty alleviation, cultural poverty alleviation, and education poverty alleviation” to help poverty alleviation. In terms of political poverty alleviation, the Company implemented a series of Party building leading projects in the three “First Secretary” villages of Huangdian Town, Dingtao District, Heze City. Dawu Village organized the creation of the “Beautiful Dawu Collection: Colorful Party Building”. Huaishu Liu Village implemented the “12345” Party Building Work Method named the Soul of Locust Tree. Zhanglou Village explored the establishment of a “three-three” Party Building work method to build characteristic Party Building brand. In terms of material poverty alleviation, the Company provided coal for heating to the kindergartens and mutual happiness hospitals affiliated to Wushen County, Inner Mongolia, and poor villages in Heshun County, Shanxi Province, thus ensuring the warmth of local residents through the winter. The Company has won the coal-to-electricity conversion project for 213 villagers in three villages assisted by Heze City. The Company installed air conditioners, built wells, repaired dilapidated houses, renovated tap water, and installed street lights for the villagers, which greatly improved the production and living conditions of the residents. In terms of industrial poverty alleviation, the Company invested more than RMB1 million to build a medical device assembly workshop in the help village of Heze City, build a demonstration base for the Tianbao melon and honeysuckle industry, and set up a “hat processing” workshop for enrichment. The Company and the large farmers in the village jointly built 200 acres of “vegetable planting industry demonstration base”; invested RMB500,000 in the help village of Yijinhuoluo County, Ordos City to build a greenhouse edible mushroom project, thus helping to solve the unemployment of the village’s surplus labor force to drive the villagers out of poverty and become rich. In terms of cultural poverty alleviation, the Company repaired and helped the ancestral halls in the village, built a family culture wall, and compiled a three-character classic of village regulations. The Company organizes the “Good Family Style and Family Style” activity to continue to promote the good folk style and family style. The Company excavated the declared intangible cultural heritage such as bamboo horse performances and local opera Dapingdiao. The Company organizes activities such as the Farmer Culture and Art Festival, so that traditional culture can be inherited and carried forward. In terms of educational poverty alleviation, the Company used the higher-level education poverty alleviation policy to provide compulsory education in the “Xiaohe School” for more than 200 primary school students. On 1 June, the Company launched a celebration activity of “Establishing patriotism, becoming a talent for serving the country, and drawing a colorful life”, donating school supplies to more than 900 children.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

Meanwhile, the Company actively cooperated with poor villages and towns to carry out the prevention and control of the COVID-19 pandemic, purchased and donated pandemic prevention and control equipment and materials, medical consumables, and disinfection supplies. Additionally, the Company timely allocated coal to Heze City and other regions to solve the problem of local energy supply shortage and establish good company image. The Company insists on internally carrying out precise assistance and warmth, and extensively carries out activities such as serious illness assistance, unsupported survivor assistance, and heart-warming services. In the first half of the year, it visited 4,481 employees in various difficulties, and effectively delivered the company's care and warmth to the hearts of the needy employees.

3. Achievement on accurate poverty alleviation

Unit: RMB0'000

Indicators	Amount of Investment and Implementation
I. Overview	438
including, 1. Poverty alleviation fund	370
2. Materials equivalent in RMB	68
II. Investment by item	
1. Industrial poverty alleviation	
including, 1.1 Types of industrial poverty alleviation projects	<input checked="" type="checkbox"/> Agriculture & Forestry <input type="checkbox"/> Tourist industry <input type="checkbox"/> E-business <input type="checkbox"/> Assets income <input type="checkbox"/> Science & Technology <input type="checkbox"/> Others
1.2 Number of projects	5
1.3 Amount of investment	150
2. Education poverty alleviation	
including, 2.1 Amount of investment in funding poor students	100
3. Other projects	
including, 3.1 Number of projects	8
3.2 Amount of investment	188
3.3 Explanation on other projects	Build roads and bridges in villages and towns in poverty-stricken areas, green villages, purchase pandemic protection materials, donate clothing and food, provide pesticides and fertilizers for spring plowing materials, condolences and help needy old party members in needy families in villages, and provide coal for heating in poor areas, etc.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

4. Periodic progress in performing social responsibility on accurate poverty alleviation

In the first half of 2020, the Company conscientiously implemented the various deployment requirements for targeted poverty alleviation by superiors and corporate locations, based on the actual conditions of poverty-stricken areas, and gave full play to the advantages of the Company. The Company focused on the four dimensions of “caring for the people in need, strength in poverty alleviation funds, depth in poverty alleviation, and breadth in industrial synergy”. It has invested a total of RMB4.38 million in various assistance funds, so as to gradually achieve “poverty alleviation of farmers, collective income increase, township development, regional revitalization.” The Company has achieved positive results in implementing targeted poverty alleviation.

5. Following targeted poverty alleviation plan

In the second half of 2020, the Company will adhere to the targeted poverty alleviation as a way to fulfill its social responsibilities, enhance the Company’s core competitiveness, and build a good corporate image. The Company will continue to implement the various deployment requirements of the national and local governments for poverty alleviation, and actively perform various responsibilities for poverty alleviation. The Company will actively implement the political and social responsibility of “poverty alleviation, state-owned enterprises take the lead”, and focus more on the industrial development, livelihood facts, and cultural guidance of enterprises in assisting villages and poverty-stricken villages to ensure to achieve tangible results with higher standards, stricter requirements, and more practical measures in the targeted poverty alleviation.

XIII. CONVERTIBLE CORPORATE BONDS

Not applicable.

XIV. ENVIRONMENTAL PROTECTION PRACTICES

(I) Explanation on Environmental Protection Practices of the Company and its Subsidiaries in the List of Key Pollutant Discharging Entities Released by the Environmental Protection Authorities

1. *Pollutant discharging*

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

In the first half of 2020, the coal mines affiliated to the Group equipped with sound facilities for sewage process and dust control at coal stockyards, which operated in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, PM10 etc. meet all discharging standards. The power plants affiliated to the Group equipped with sound facilities for exhaust gas management, which operated in a stable manner, and the discharge of main pollutants, such as smoke dust, SO₂, nitrogen oxide etc. meet all discharging standards. The chemical plants affiliated to the Group equipped with sound facilities for industrial sewage processing and boiler fuel gas management, which operated in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, smoke dust, SO₂, nitrogen oxide etc. meet all discharging standards. The Group has been improving its environmental protection management system, standardizing its management processes and working procedures for energy conservation and emission reduction, so as to prevent environmental pollution and ecological damage from the beginning and to strive to build itself into a resource-saving and environment friendly company.

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

CHAPTER 5 SIGNIFICANT EVENTS – 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 2020
1	Nantun Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/3416.1-2018)	292 tons of COD, 29.2 tons of ammonia nitrogen	4.5 tons of COD and 0.1 ton of ammonia nitrogen
2	Baodian Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, sanitary wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/3416.1-2018)	103.8 tons of COD, 5.4 tons of ammonia nitrogen	11.4 tons of COD and 0.1 tons of ammonia nitrogen
3	Yangcun Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, sanitary wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/3416.1-2018)	33.1 tons of COD, 1.2 tons of ammonia nitrogen	0.97 tons of COD and 0.04 tons of ammonia nitrogen
4	Heze Nenghua Zhaolou Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, sanitary wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/3416.1-2018)	95.4 tons of COD, 5.9 tons of ammonia nitrogen	4.1 tons of COD and 0.02 tons of ammonia nitrogen
5	Xinglongzhuang Coal Mine (Key industrial wastewater discharging entity in Shandong Province, National key pollutant discharging entity of sanitary waste water)	Industrial wastewater, sanitary wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/599-2006), Pollutant Discharging Standard for Urban Sewage Water Treatment Plant (GB18918-2002)	109 tons of COD, 5.5 tons of ammonia nitrogen	0.2 tons of COD, 0.02 tons of ammonia nitrogen

CHAPTER 5 SIGNIFICANT EVENTS – 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 2020
6	Dongtan Coal Mine (Key industrial wastewater discharging entity in Shandong Province, National key pollutant discharging entity of sanitary waste water)	Industrial wastewater, sanitary wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/599-2006), Pollutant Discharging Standard for Urban Sewage Water Treatment Plant (GB18918-2002)	9.8 tons of COD, 0.4 tons of ammonia nitrogen	0 tons of COD, 0 tons of ammonia nitrogen
7	Jining No.2 Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, sanitary wastewater	Chemical oxygen demand (COD)	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/599-2006), Pollutant Discharging Standard for Urban Sewage Water Treatment Plant (GB18918-2002)	32.4 tons of COD	7.4 tons of COD
8	Jining No.3 Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, sanitary wastewater	Chemical oxygen demand (COD)	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/599-2006), Pollutant Discharging Standard for Urban Sewage Water Treatment Plant (GB18918-2002)	40.5 tons of COD	12.9 tons of COD
9	Yanzhou Coal Mine Engineering Company Limited (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, sanitary wastewater	Chemical oxygen demand (COD)	Discharging to receiving water body after processing in sewage treatment station	Pollutant Discharging Standard for Coal Industry (GB20426-2006), Shandong Province Comprehensive Discharging Standard for Water Pollutant along the route of water transmission project from the South to the North (DB37/599-2006), Pollutant Discharging Standard for Urban Sewage Water Treatment Plant (GB18918-2002)	12.5 tons of COD	0 tons of COD
10	Power Generation Plants of Hua Ju Energy (National key pollutant discharging entity)	Boiler smoke and gas	PM (particulate matter), SO ₂ , NO _x	discharged to the air after purification	Shandong Province Air Pollutants Discharge Standards for Coal-burned Power Plant (DB37/664-2013)	PM182.1 tons, SO ₂ 880.8 tons, NO _x 2145 tons	PM10.8 tons, SO ₂ 78.5 tons, NO _x 355 tons

CHAPTER 5 SIGNIFICANT EVENTS – 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 2020
11	Tianchi Coal Mine of Shanxi Neng Hua (Key pollutant discharging entity of Jinzhong City)	Boiler smoke and gas, industrial waste water, sanitary waste water	SO ₂ , NO _x , COD	smoke and gas discharged to the air after purification, and the waste water recycled for reutilization after treatment in waste water treatment station and not discharged at all	Air Pollutants Discharge Standards for Boilers (GB13271-2014), Pollutant Discharging Standard for Coal Industry (GB20426-2006)	SO ₂ 46.8 tons, NO _x 46.8 tons, COD 25 tons	SO ₂ 0 tons, NO _x 0.2 tons, COD 3.1 tons
12	Methanol Factory of Yulin Neng Hua (National key pollutant discharging entity)	Boiler smoke and gas, industrial waste water, sanitary waste water	PM (particulate matter), SO ₂ , NO _x , COD, ammonia nitrogen	smoke and gas discharged to the air after purification, and the waste water recycled for reutilization after treatment in waste water treatment station and not discharged at all	Air Pollutants Discharge Standards for Boilers (GB13271-2014), Comprehensive Waste Water Discharging Standard (GB 8978-1996)	PM 143 tons, SO ₂ 946.6 tons, NO _x 473.3 tons, COD 129.2 tons, ammonia nitrogen 31.1 tons	PM 30.2 tons, SO ₂ 84.9 tons, NO _x 143.8 tons, COD 20.0 tons, ammonia nitrogen 1.6 tons
13	Rongxin Chemicals of Ordos Neng Hua (National key air pollutant discharging entity)	Boiler smoke and gas, industrial waste water, sanitary waste water	PM (particulate matter), SO ₂ , NO _x , COD, ammonia nitrogen	smoke and gas discharged to the air after purification, and the waste water recycled for reutilization after treatment in waste water treatment station and not discharged at all	Air Pollutants Discharge Standards for Boilers (GB13271-2014), Comprehensive Waste Water Discharging Standard (GB 8978-1996)	PM 325.1 tons, SO ₂ 1003.8 tons, NO _x 950 tons, COD 80 tons, ammonia nitrogen 14.4 tons	PM 1.8 tons, SO ₂ 72.5 tons, NO _x 67.9 tons, COD 0 tons, ammonia nitrogen 0 tons
14	Zhuanlongwan Coal Mine of Ordos Neng Hua (Ordos City key pollutant discharging entity)	Boiler smoke and gas, industrial waste water, sanitary waste water	SO ₂ , NO _x , COD	smoke and gas discharged to the air after purification, and the waste water recycled for reutilization after treatment in waste water treatment station and not discharged at all	Air Pollutants Discharge Standards for Boilers (GB13271-2014)	SO ₂ 94.1 tons, NO _x 81.2 tons	SO ₂ 2.6 tons, NO _x 18.3 tons

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

2. Construction and operation of pollution control facilities

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

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
1	Nantun Coal Mine	A mine water treatment station and a domestic sewage treatment station have been established as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. Baodian Coal Mine has completed the high-salt mine water treatment project and is already in operation. High-salt mine water treatment projects in Nantun Coal Mine, Jining No. 2 Coal Mine and Zhaolou Coal Mine are under construction.
2	Baodian Coal Mine	
3	Jining No. 2 Coal Mine	
4	Yangcun Coal Mine	
5	Heze Nenghua Zhaolou Coal Mine	
6	Xinglongzhuang Coal Mine	A mine water treatment station and a domestic sewage treatment station have been established as required, which are all in normal operation. Silos and closed material sheds have been built. High-salt mine water treatment project in Dongtan Coal Mine is under construction.
7	Dongtan Coal Mine	
8	Jining No. 3 Coal Mine	A mine water treatment station, a domestic sewage treatment station and an industrial wastewater treatment station have been established as required, which are all in normal operation. Silos and closed material sheds have been built. High-salt mine water treatment project is under construction.
9	Yanzhou Coal Mine Engineering Company Limited	A domestic sewage treatment station has been established as required, which is in normal operation.
10	Power Generation Plants of Hua Ju Energy	Equipped with de-dusting, desulfurization and de-nitration facilities, the power plants of Huaju Energy have 18 boilers of 3,375 steam tons in total, which have completed ultra-low emission retrofit and are in normal operation.
11	Shanxi Nenghua Tianchi Coal Mine	A mine water treatment station and a domestic sewage treatment station have been established as required, which are all in normal operation. Moreover, the coal mine has a boiler house and 3 boilers (1 boiler of 10 steam tons and 1 boilers of 6 steam tons), which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation. At present, the coal mine is building a natural gas boiler, and after completion, the existing coal-fired boiler will be shut down.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
12	Methanol Plant of Yulin Neng Hua	An industrial wastewater treatment station and 3 coal fines boilers of 260 steam tons have been established as required, which are all equipped with de-dusting, desulfurization and de-nitration facilities and are in normal running. At present, ultra-low emission renovations were finished.
13	Rongxin Chemicals of Ordos Neng Hua	Rongxin Chemicals has established a mine water treatment station and a domestic sewage treatment station as required, which are all in normal operation. Moreover, Rongxin Chemicals has three units of 220 steam tons circulating fluidized bed boilers, which are all equipped with de-dusting, desulfurization and de-nitration facilities and are in normal running. At present, ultra-low emission renovations were finished.
14	Zhuanlongwan Coal Mine of Ordos Neng Hua	Zhuanlongwan Coal Mine has established a mine water treatment station and a domestic sewage treatment station as required, which are all in normal operation. Moreover, the coal mine has 3 boilers (two units of 20-ton boilers and one 6-ton boiler), which are all equipped with de-dusting, desulfurization and de-nitration facilities and are in normal running.

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

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

4. *Emergency plan for emergency environmental incidents*

Each production unit of the Group have, on its own or authorized qualified companies to prepare contingency plans for environmental emergencies, which are assessed by the competent environmental protection administration department of the government and relevant experts for the record. At the same time, we have strengthened emergency facilities, carried out regular emergency drills to improve our capacity of preventing and controlling environmental pollution incidents so as to fully meet relevant requirements.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

5. *Environmental self-monitoring program*

The coal mines affiliated to the Group all are equipped with sewage online monitoring systems 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. Key pollution-discharging units of the Group have prepared self-monitoring plans, carried out self-monitoring regularly, and disclosed monitoring information of key pollution sources to the public as required. The main methods of monitoring are online monitoring and entrusted monitoring.

(1) On-line monitoring

① Mine water

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

② Domestic sewage

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

③ Industrial wastewater

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

④ Boiler smoke

On-line monitoring of SO₂, NO_x, smoke and dust is carried out by a third party as required once an hour and monitoring data are connected to government monitoring platform in real time.

⑤ Online monitoring of PM10 in coal yard

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

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

(2) Entrusted monitoring

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

6. *Other environmental information that should be disclosed*

Not applicable.

(II) Environmental protection statement for companies other than the key pollutant discharging entities

The Group implements cleaner production in accordance with the principles of source prevention, process control, and end treatment. The Group conducts pollution prevention and control in order to minimize the impact of production on the environment. The Group actively carried out water and soil conservation, subsided area management, rehabilitation and greening, ecological construction, etc., in order to protect and improve the local ecological environment. Companies other than the key pollutant discharge units have established pollution control facilities in accordance with the requirements of environmental approvals, and they are operating normally without excessive discharge. The total amount of pollutants discharged by the Group meets the total discharge amount approved by the superior authority.

(III) Explanation of reasons for non-disclosure of environmental information by companies other than key pollutant discharging entities

Companies other than key pollutants have less impact on the environment, mainly due to the consumption and emissions of energy resources from daily office operations. In addition, the companies strictly abide by the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention Law of the People's Republic of China, the Air Pollution Prevention Law of the People's Republic of China, and the Solid Waste Pollution Prevention Law of the People's Republic of China. There was no punishment for violating environmental protection laws and regulations.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

(IV) Description of the follow-up progress or changes in the disclosure of environmental information during the reporting period

Not applicable.

XV. EXPLANATION ON OTHER SIGNIFICANT EVENTS

(I) Information, Reasons and Effects of the Changes in Accounting Policies, Accounting Estimates and Accounting Methods as Compared to the Previous Accounting Period

Not applicable

(II) Significant Accounting Errors Being Subject to Reconsideration, Corrections, Causes and Effects during the Reporting Period

Not applicable.

(III) Others

(Prepared in accordance with the Hong Kong Listing Rules)

1. *Repurchase, sale or redemption of shares of the Company*

(1) Repurchase H shares of the Company

According to the general mandate granted by the annual general meeting of 2018, the second class meeting of holders of A shares and the second class meeting of holders of H shares of 2019, the Company repurchased 52.016 million H Shares in HKEX from 4 May 2020 to 22 May 2020.

For details, please see Section 6 “Changes in Ordinary Shares and Shareholders”.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

- (2) Redemption of 5.75% senior guaranteed perpetual capital securities (“the Securities”) at the principal amount of USD500,000,000

On 13 April 2020, Yancoal International Resources (as the issuer) redeemed all the Securities on the Hong Kong Stock Exchange based at the principal amount of the Securities together with any accumulated distributions up to the redemption date (including any overdue distributions and any additional distribution amounts).

For details, please refer to the relevant resolutions dated 7 April 2017, 17 April 2017, 9 March 2020 and 15 April 2020, which were posted the websites of Shanghai Stock Exchange, the HKEX, the Company’s website and/or China Securities Journal, Shanghai Securities News and Securities Times in the PRC.

Except for the above disclosure, the Company or any of its subsidiaries did not repurchase, sell or redeem the Company’s listed securities.

- (3) Mandate granted by the general meeting to issue additional H Shares and repurchase H Shares

On 19 June 2020, the 2019 Annual General Meeting of Shareholders granted the Board of Directors a general mandate, that is, the Board of Directors shall, in accordance with needs and market conditions, obtain approval from relevant regulatory authorities and comply with laws, administrative regulations and the Articles of Association. Under the relevant authorization period, it will be determined in a timely manner whether to issue additional H shares not exceeding 20% of the total issued H shares on the date of the passage of the relevant resolution.

As at the annual general meeting of 2019, the first class meeting of holders of A shares and the first class meeting of holders of H shares of 2020 dated 19 June 2020, the Board was granted a general mandate respectively. Under the general mandate, the Company was authorized to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares in issue as at the date of passing the resolution according to the needs and market conditions upon obtaining approvals from the relevant regulatory authorities and complying with the relevant laws, regulations and the Articles.

As at the date of this report, the Company has not yet exercised the above general mandates.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

2. *Remuneration policy*

The remuneration for the Directors, Supervisors and senior management is proposed to the Board by the remuneration committee under the Board. Upon review and approval by the Board, any remuneration proposal for the Directors and Supervisors will be proposed to the general meeting for approval. The remuneration for the senior management is reviewed and approved by the Board.

The Company adopts a combined award system with annual remuneration, risk control and special contribution as the means for assessing and rewarding the Directors and senior management. The annual remuneration consists of annual basic salary and annual performance salary. The annual basic salary is comprehensively determined according to the operational scale, profitability, operating management difficulty and employees' income of the Company, whereas annual performance salary is determined by the actual operational results of the Company. The annual basic salaries for the Directors and senior management of the Company are pre-paid on a monthly basis and the annual performance salaries are paid after the completion of the audit assessment in the following year.

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

3. *Auditors*

The details of auditors are set out in the section headed "Appointment and Dismissal of Auditors" in this chapter.

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

XVI. CORPORATE GOVERNANCE

(I) Corporate Governance

(Prepared according to the listing rules in PRC)

The Company has paid close attention to the securities market standards and legal regulations, and has actively improved its corporate governance structure. During the reporting period, the Company further improved corporate governance. In accordance with Reply of the State Council on Adjusting the Applicability of the Provisions on the Notification Period for Holding Shareholders Meetings of Overseas Listed Companies (Guo Han [2019] No. 97) and the latest requirements of the regulatory rules for domestic and overseas listings, in conjunction with the actual operational needs of the Company and its subsidiaries, the Company amended the relevant provisions of the “Articles of Association” for the notice period and convening procedures of the shareholders meeting, and revised the “Rules of Procedures of the General Meeting of Shareholders” in accordance with the amendments to the “Articles of Association”.

Since the listing of the Company, in accordance with the PRC Corporate Law, the PRC Securities Law, foreign and domestic laws and regulations in places where the Company’s shares are traded, the Company has set up a relatively regulated and stable corporate governance system and has abided by the corporate governance principles of transparency, accountability and protection of the rights and interests of the Shareholders as a whole. There is no significant difference between the corporate governance system and the requirements in relevant documents detailed by the CSRC.

(II) Compliance with Corporate Governance Code and Model Code

(Prepared in accordance with the Hong Kong Listing Rules)

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

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

CHAPTER 5 SIGNIFICANT EVENTS – CONTINUED

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

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

For details, please refer to the Report on Corporate Governance of the Company included in 2019 annual report of the Company.

Having made specific enquiries with all the Directors and Supervisors, the Company believed that the Directors and Supervisors have strictly complied with Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") set out in Appendix X of Hong Kong Listing Rules headed and the Management System of the Company's Shares Held by the Board of Directors, the Board of Supervisors, Senior Management and Internal Information Insiders and the Code for Securities Transactions of the Management of the Company during the reporting period. The Company has adopted a code of conduct regarding securities transactions of the Directors and Supervisors on terms no less stringent than the required standard set out in the Model Code.

(III) 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 facilitated its communications with the capital market through face-to-face meetings at international and domestic road-shows, attendance in investment strategy meetings organized by brokers at home and abroad, inviting investors for Company onsite visits as well as many other means such as making full use of "SSE E-interactive Platform", hotlines, faxes and e-mails. The Company has had more than 400 contacts with analysts, fund managers and investors.

CHAPTER 6 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

I. CHANGES IN ORDINARY SHARES

(I) Table of Changes in Ordinary Shares

1. Table of Changes in Ordinary Shares

Unit: Share

	Before the Change		Increase and Decrease of the Change (+ · -)		After the Change	
	Quantity	Ratio (%)	Others	Subtotal	Quantity	Ratio (%)
I Restricted shares	120,500	0.0025	0	0	120,500	0.0025
1. State shareholding	0	0	0	0	0	0
2. State-owned legal person holdings	0	0	0	0	0	0
3. Other domestic shares	120,500	0.0025	0	0	120,500	0.0025
Including: Domestic non-state-owned legal person holdings	0	0	0	0	0	0
Domestic natural person holdings	120,500	0.0025	0	0	120,500	0.0025
4. Foreign shareholding	0	0	0	0	0	0
II Unrestricted shares	4,911,895,500	99.9975	-52,016,000	-52,016,000	4,859,879,500	99.9975
1. A Shares	2,959,879,500	60.2579	0	0	2,959,879,500	60.9029
2. Domestically listed foreign shares	0	0	0	0	0	0
3. Foreign shares listed overseas	1,952,016,000	39.7396	-52,016,000	-52,016,000	1,900,000,000	39.0947
4. Others	0	0	0	0	0	0
III Total number of shares	4,912,016,000	100	-52,016,000	-52,016,000	4,860,000,000	100

2. Explanation on changes in ordinary shares

As at the annual general meeting of 2018, the second class meeting of holders of A shares and the second class meeting of holders of H shares of 2019 dated 24 May 2019, the Board was granted a general mandate respectively. Under the general mandate, the Company was authorized to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares in issue as at the date of passing the resolution according to the needs and market conditions upon obtaining approvals from the relevant regulatory authorities and complying with the relevant laws, regulations and the Articles.

CHAPTER 6 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

The Company implemented its first repurchase on 4 May 2020. From 4 May 2020 to 22 May 2020, the Company has repurchased a total of 52,016,000 H shares on the HKEX. The lowest repurchase price is HKD5.63 per share, and the highest repurchase price is HKD6.35 per share. The total amount paid by the Company was HKD310,188,380.00 (excluding commissions and other fees). As at the end of the reporting period, all the repurchased shares have been cancelled. After the industrial and commercial registration changes are completed, the Company's total share capital will be reduced from 4,912,016,000 shares to 4,860,000,000 shares.

For details, please refer to the "Announcement of Yanzhou Coal on the Implementation of H Share Repurchase" dated 6 May 2020, and the "Announcement of Yanzhou Coal on the Implementation of H Share Repurchase in May 2020" on 30 May 2020. Announcements and the disclosure statements on the following days on 7 May, 9 May, 12 May, 13 May, 14 May, 15 May, 16 May, 19 May, 20 May, 21 May, 22 May, 23 May, 29 June, which were posted on the websites of Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal, Shanghai Securities News and Securities Times in the PRC.

3. *The impact of changes in ordinary shares on financial indicators such as earnings per share, net asset per share during the end of the reporting period to the disclosure date of this Interim Report (if any)*

Not applicable.

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

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

(II) Changes in Shares with Restricted Moratorium

Not applicable.

II. SHAREHOLDERS

(I) Total Number of the Shareholders

Total number of shareholders as to the end of the reporting period (share)	81,403
Total number of preferred shareholders with resumed voting right as to the end of the reporting period (share)	0

CHAPTER 6 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

(II) Top Ten Shareholders and Top Ten Shareholders Holding Tradable Shares of the Company (or Unrestricted Shareholders) As At The End of The Reporting Period

Unit: share

Name of shareholders (Full Name)	Increase/ decrease during the reporting period	Shareholdings of the top ten Shareholders		Number of shares held with trading moratorium	Pledged or locked Status of shares	Number of shares	Class of shareholders
		Number of shares held at the end of the reporting period	Percentage (%)				
Yankuang Group Co., LTD.	0	2,267,169,423	46.65	0	No	0	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited	-52,453,200	1,895,677,203	39.01	0	Unknown	-	Overseas legal person
Beijing Chengtongjinkong Investment Company Limited	33,116,200	33,116,200	0.68	0	No	0	Stated-owned legal person
Hong Kong Securities Clearing Company Limited	-569,304	27,227,572	0.56	0	No	0	Overseas legal person
New China Life Insurance Co., Ltd. -Dividend-Individual dividend-018L -FH002Shanghai	0	21,957,897	0.45	0	No	0	Others
Central Huijin Assets Management Co., Ltd.	0	19,355,100	0.40	0	No	0	State-owned legal person
New China Life Insurance Co., Ltd. -Dividend-Group dividend-018L -FH001Shanghai	-4,584,554	10,710,153	0.22	0	No	0	Others
Bank of China Co., Ltd. -The Belt and Road Exchange-End Index Securities Investment Fund	-4,041,600	5,623,951	0.12	0	No	0	Others
National Social Security Fund 412 Combination	-6,965,000	5,097,107	0.10	0	No	0	Others
Shandong Jindun Energy Company Limited	4,843,685	4,843,685	0.10	0	No	0	Domestic non-state owned legal person

CHAPTER 6 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

Unit: share

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
Yankuang Group Co., LTD.	2,267,169,423	A Shares	2,267,169,423
Hong Kong Securities Clearing Company (Nominees) Limited	1,895,677,203	H Shares	1,895,677,203
Beijing Chengtongjinkong Investment Company Limited	33,116,200	A Shares	33,116,200
Hong Kong Securities Clearing Company Limited	27,227,572	A Shares	27,227,572
New China Life Insurance Co., Ltd.-Dividend-Individual dividend-018L-FH002Shanghai	21,957,897	A Shares	21,957,897
Central Huijin Assets Management Co., Ltd.	19,355,100	A Shares	19,355,100
New China Life Insurance Co., Ltd.-Dividend-Group dividend-018L-FH001Shanghai	10,710,153	A Shares	10,710,153
Bank of China Co., Ltd.-The Belt and Road Exchange-End Index Securities Investment Fund	5,623,951	A Shares	5,623,951
National Social Security Fund 412 Combination	5,097,107	A Shares	5,097,107
Shandong Jindun Energy Company Limited	4,843,685	A Shares	4,843,685
Connected relationship or actions Shareholders	Yankuang Group (Hong Kong) Co., Ltd. ("Yankuang Hong Kong Company"), a wholly-owned subsidiary of Yankuang Group incorporated in Hong Kong held 455,000,000 H shares through HKSCC (Nominees) Limited. New China Life Insurance Co., Ltd.-Dividend-Individual Annuity Insurance-018L-FH002Shanghai and New China Life Insurance Co., Ltd.-Dividend-Group Annuity Insurance-018L-FH001Shanghai are both managed by New China Life Insurance Co., Ltd. Apart from this, 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 restored voting rights and number of shares held by them	Not applicable.		

Notes:

- All the information above including "Total number of Shareholders" and "Top ten Shareholders and the top ten Shareholders holding tradable shares of the Company which are not subject to trading moratorium (or unrestricted shareholders)" is prepared in accordance with the registers of the Shareholders provided by China Securities Depository and Clearing Co., Ltd. Shanghai Branch and Hong Kong Central Securities Registration Company Limited.
- As the clearing and settlement agent for the Company's H shares, HKSCC (Nominees) Limited holds the Company's H shares in the capacity of a nominee. HKSCC Limited is the nominal shareholder of the Company's Shanghai Stock Connect Program.
- Yankuang Group, via Yankuang Hong Kong Company, increased its holding of 80,000,000 H shares of the Company on 11 June 2020.

CHAPTER 6 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

4. As at 30 June 2020, Yankuang Group held a total of 2,267,169,423 A shares of the Company, including 1,875,662,151 A shares held by its own account, and 391,507,272 A shares held by the guarantees and trust account opened by CITIC Securities Co., Ltd. and itself. The aforementioned guarantees and trust account provide guarantees for the exchangeable corporate bonds issued by Yankuang Group; Yankuang Group, via Yankuang Hong Kong Company, held 454,989,000 H shares of the Company, representing 56.01% (directly and indirectly) of the total share capital of the Company.

The number of shares and restricted conditions of top ten Shareholders holding tradable shares subject to trading moratorium

Not applicable.

(III) Strategic Investors or Ordinary Legal Persons Becoming Top Ten Shareholders through New Shares Allotment

Not applicable.

(IV) Substantial Shareholders' Interests and 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 2020, other than the Directors, Supervisors or chief executives of the Company, there were no other persons who were substantial shareholders of the Company or had interests or short positions in the shares or underlying shares of the Company, which should (i) be disclosed pursuant to Sections 2 and 3 under Part XV of the Securities and Futures Ordinance ("SFO"); (ii) be recorded in the register to be kept pursuant to Section 336 of the SFO; or (iii) notify the Company and the Hong Kong Stock Exchange in other ways.

Name of Substantial Shareholders	Class of Shares	Capacity	Number of Shares Held (shares)	Name of Interests	Percentage in the H Share Capital of the Company	Percentage in Total Share Capital of the Company
Yankuang Group	A Shares (State-owned legal person shares)	Beneficial owner	2,267,169,423	Long position	-	46.65%
		Beneficial owner	391,507,272	Short position	-	8.06%
Yankuang Group ^(Note 1)	H Shares	Interest of controlled corporations	454,989,000	Long position	23.95%	9.36%
BNP Paribas Investment Partners SA	H Shares	Investment manager	117,641,207	Long position	6.19%	2.42%

Notes:

1. Yankuang Group's controlled subsidiary incorporated in Hong Kong holds such H Shares in the capacity of beneficial owner.
2. The percentage figures above have been rounded off to the nearest second decimal place.
3. Information disclosed herein is based on the information available on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and information provided by China Securities Depository and Clearing Corporation Limited Shanghai Branch.

CHAPTER 6 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

III. CHANGES IN CONTROLLED SHAREHOLDERS OR ACTUAL CONTROLLER

Not applicable.

CHAPTER 7 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

I. CHANGES IN SHAREHOLDING

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

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

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
Li Xiyong	Director	10,000	10,000	0
Li Wei	Director	10,000	10,000	0
Wu Xiangqian	Director	10,000	10,000	0
Liu Jian	Director	0	0	0
Zhao Qingchun	Director	0	0	0
He Jing	Director	0	0	0
Wang Ruolin	Director	0	0	0
Tian Hui	Independent Director	0	0	0
Zhu Limin	Independent Director	0	0	0
Cai Chang	Independent Director	0	0	0
Poon Chiu Kwok	Independent Director	0	0	0
Gu Shisheng	Supervisor	10,000	10,000	0
Zhou Hong	Supervisor	0	0	0
Li Shipeng	Supervisor	0	0	0
Qin Yanpo	Supervisor	0	0	0
Su Li	Supervisor	0	0	0
Zheng Kai	Supervisor	0	0	0
Xiao Yaomeng	Senior Management	0	0	0
Gong Zhijie	Senior Management	0	0	0
Zhang Chuanchang	Senior Management	0	0	0
Wang Peng	Senior Management	0	0	0
Li Wei	Senior Management	0	0	0

CHAPTER 7 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

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
Wang Chunyao	Senior Management	0	0	0
Jin Qingbin	Senior Management	0	0	0
Zhang Lei	Senior Management	0	0	0
Guo Dechun (resigned)	Director	0	0	0
Guo Jun (resigned)	Director	10,000	10,000	0
Kong Xiangguo (resigned)	Independent director	0	0	0
Qi Anbang (resigned)	Independent director	0	0	0
Meng Qingjian (resigned)	Supervisor	0	0	0
Zhang Ning (resigned)	Supervisor	0	0	0
Jiang Qingquan (resigned)	Supervisor	10,000	10,000	0
Wang Fuqi (resigned)	Senior Management	10,000	10,000	0
Zhao Honggang (resigned)	Senior Management	10,000	10,000	0

Notes:

1. Mr. Li Wei, director of the Company, and Mr. Li Wei, senior management of the Company, have the same name but are not the same person.
2. At the end of the reporting period, the current and resigned Directors, Supervisors and Senior Management together held 80,000 A Shares, representing 0.0016% of the Company's total issued share.
3. Mr. Gu Shisheng increased holding of 2,800 A shares of the Company on 9 July 2020.

Other explanations

Not applicable.

CHAPTER 7 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

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

Name	Title	Number of options held at the beginning of the reporting period	Number of options new granted during the reporting period	Number of options exercisable during the reporting period	Number of options exercised during the reporting period	Number of options held at the end of the reporting period
Wu Xiangqian	Director	320,000	0	0	0	320,000
Liu Jian	Director	260,000	0	0	0	260,000
Zhao Qingchun	Director	260,000	0	0	0	260,000
He Jing	Director	260,000	0	0	0	260,000
Wang Ruolin	Director	150,000	0	0	0	150,000
Qin Yanpo	Supervisor	120,000	0	0	0	120,000
Su Li	Supervisor	150,000	0	0	0	150,000
Xiao Yaomeng	Senior Management	150,000	0	0	0	150,000
Gong Zhijie	Senior Management	260,000	0	0	0	260,000
Wang Peng	Senior Management	150,000	0	0	0	150,000
Li Wei	Senior Management	150,000	0	0	0	150,000
Wang Chunyao	Senior Management	150,000	0	0	0	150,000
Jin Qingbin	Senior Management	260,000	0	0	0	260,000
Total	/	2,640,000	0	0	0	2,640,000

Note: As Mr. Qin Yanpo and Mr. Su Li are now the Supervisors of the Company, the Company will forfeit and cancel the share options held by them in due course according to the share option incentive scheme.

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

Not applicable.

CHAPTER 7 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

II. CHANGES OF MEMBERS OF DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

Name	Title	changes
He Jing	Director	Elected
Wang Ruolin	Employee director	Elected
Tian Hui	Independent director	Elected
Zhu Limin	Independent director	Elected
Li Shipeng	Supervisor	Elected
Qin Yanpo	Supervisor	Elected
Su Li	Employee supervisor	Elected
Liu Jian	General manager	Appointed
Xiao Yaomeng	Deputy general manager	Appointed
Zhang Chuanchang	Deputy general manager	Appointed
Wang Peng	Deputy general manager	Appointed
Wang Chunyao	Chief engineer	Appointed
Zhang Lei	Chief Investment officer	Appointed
Guo Dechun	director	Resigned
Guo Jun	Employee director	Resigned
Kong Xiangguo	Independent director	Resigned
Qi Anbang	Independent director	Resigned
Meng Qingjian	Supervisor	Resigned
Zhang Ning	Supervisor	Resigned
Jiang Qingquan	Employee supervisor	Resigned
Wu Xiangqian	General manager	Resigned
Zhao Honggang	Deputy general manager	Resigned
Wang Fuqi	Chief engineer	Resigned

Explanations of members of directors, supervisors, senior management

(I) Changes of Directors

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

At the joint meeting of employee representatives and heads of delegation held on 17 June 2020, Mr. Wang Ruolin was democratically elected as an employee representative director with term of office the same as the eighth session of the Board of the Company.

Mr. Guo Dechun, Mr. Guo Jun, Mr. Kong Xiangguo and Mr. Qi Anbang ceased to serve as directors of the Company upon expiration of the seventh session of the Board.

CHAPTER 7 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

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

(II) Changes of Supervisors

As considered and approved at the 2019 annual general meeting held on 19 June 2020, Mr. Gu Shisheng, Mr. Zhou Hong, Mr. Li Shipeng and Mr. Qin Yanpo were elected as the non-employee representative supervisors of the eighth session of the Board of Supervisors of the Company, with the term from the end of the 2019 annual general meeting to the end of the general meeting for election of supervisors of the ninth session of the Board of Supervisors of the Company.

At the joint meeting of workers' congress and heads of delegation held on 17 June 2020, Mr. Su Li and Mr. Zheng Kai were democratically elected as employee representative supervisors with term of office the same as the eighth session of the Board of Supervisors of the Company.

Mr. Meng Qingjian, Mr. Zhang Ning and Mr. Jiang Qingquan ceased to serve as supervisors of the Company upon expiration of the seventh session of the Supervisory Committee.

As considered and approved at the first meeting of the eighth session of the Board of Supervisors of the Company held on 19 June 2020, Mr. Gu Shisheng and Mr. Zhou Hong were elected as chairman and vice chairman of the eighth session of the Supervisory Committee of the Company.

(III) Changes of Senior Management

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

As considered and approved at the 32nd meeting of the seventh session of the Board of the Company held on 27 March 2020, Mr. Zhang Lei was appointed as the Chief Investment Officer with term of office the same as the other senior management appointed by the seventh session of the Board of the Company.

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

CHAPTER 7 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

2. Changes during the eighth session of the Board

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

III. OTHER EXPLANATIONS

1. Changes in the current positions of the Company's directors, supervisors, and senior management in the Company's subsidiaries

(Prepared in accordance with the Hong Kong Listing Rules)

Title in the Company	Name	Before Changes	After Changes	Time of Changes
Director, general manager	Liu Jian	Executive director of Yankuang Donghua Heavy Industry Co., Ltd.	-	4 April 2020
		Chairman of Yanzhou Coal Shanxi Neng Hua Co., Ltd.	-	4 April 2020
Deputy general manager	Zhang Chuanchang	-	Chairman and general manager of Yanzhou Coal Ordos Neng Hua Co., Ltd.	4 May 2020
		-	Chairman of Inner Mongolia Haosheng Coal Mining Co., Ltd.	4 May 2020
Deputy general manager	Wang Peng	Chairman and general manager of Yanzhou Coal Ordos Neng Hua Co., Ltd.	-	4 April 2020
		Chairman of Inner Mongolia Haosheng Coal Mining Co., Ltd.	-	4 April 2020
		-	Executive director of Yankuang Donghua Heavy Industry Co., Ltd.	4 April 2020

CHAPTER 7 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT

Title in the Company	Name	Before Changes	After Changes	Time of Changes
Chief Investment Officer	Zhang Lei	CFO of Yancoal Australia Ltd.	–	20 March 2020
		–	General manager of Yancoal International (Holding) Co., Ltd.	10 April 2020
Supervisor	Qin Yanpo	Director, CFO and general counsel of Yanzhou Coal Ordos Neng Hua Co., Ltd.	–	4 April 2020

2. Mr. Poon Chiu Kwok, an independent non-executive director of the Company, has tendered his resignation as an independent non-executive director of TUS International Limited on 17 July 2020.

CHAPTER 8 CORPORATE BONDS

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

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: RMB 100 million

Name	Abbreviation	Code	Issue date	Maturity date	Balance	Interest rate (%)	Way to repay capital and interest	Trade place
2012 Corporate Bond of Yanzhou Coal (first tranche)	12 Yanzhou Coal 02	122168	2012/7/23	2022/7/23	40	4.95	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal	Shanghai Stock Exchange
2012 Corporate Bond of Yanzhou Coal (second tranche)	12 Yanzhou Coal 04	122272	2014/3/3	2024/3/3	30.50	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
2017 Renewable Corporate Bond of Yanzhou Coal (first tranche)	17 Yanzhou Coal Y1	143916	2017/8/17	2020/8/17	50	5.70	If the Company does not exercise the right of deferred payment of interest, the interest will be paid once a year	Shanghai Stock Exchange
2018 Renewable Corporate Bond of Yanzhou Coal (first tranche)	18 Yanzhou Coal Y1	143959	2018/3/26	2021/3/26	50	6.00	If the Company does not exercise the right of deferred payment of interest, the interest will be paid once a year	Shanghai Stock Exchange
2020 Corporate Bond of Yanzhou Coal (first tranche)	20 Yanzhou Coal 01	163234	2020/3/12	2023/3/12	3	2.99	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal	Shanghai Stock Exchange
2020 Corporate Bond of Yanzhou Coal (first tranche)	20 Yanzhou Coal 02	163235	2020/3/12	2025/3/12	27	3.43	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal	Shanghai Stock Exchange
2020 Corporate Bond of Yanzhou Coal (first tranche)	20 Yanzhou Coal 03	163236	2020/3/12	2030/3/12	20	4.29	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal	Shanghai Stock Exchange

CHAPTER 8 CORPORATE BONDS

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

Note: For 2017 Renewable Corporate Bond of Yanzhou Coal (first tranche) and 2018 Renewable Corporate Bond of Yanzhou Coal (first tranche), every three interest-bearing years are regarded as one cycle. At the end of each cycle, the Company has the right to choose to extend the term of the current bond by one cycle (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 cycle.

Principal and interest payment of corporate bonds

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

Other explanation of corporate bond issues

Not applicable.

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

Bond trustee	Name	BOC International China Limited (“BOC International”)
	Office address	7/F, No.110 Xidan North Avenue, Xicheng District, Beijing, PRC
	Contact person	He Yinhui
	Contact number	021-20328000
Bond trustee	Name	Ping An Securities Co., Ltd. (“Ping An Securities”)
	Office address	(16-20)/F, Rongchao Building No. 4036 Jintian Road, Futian District, Shenzhen, PRC
	Contact person	Zhou Ziyuan
	Contact number	010-66299579
Bond trustee	Name	Hai Tong Securities Co., Ltd. (“Hai Tong Securities”)
	Office address	No. 689 Guangdong Road, Shanghai, PRC
	Contact person	Du Xiaohui, Geng Yun
	Contact number	010-88027267
Credit rating agency	Name	Dagong Global Credit Rating Co., Ltd.(“Dagong Global”)
	Office address	29/F, A Tower, Eagle Run Plaza, No. 26 Xiaoyun Road, Chaoyang District, Beijing, PRC
Credit rating agency	Name	China Chengxin Ratings Securities Co., Ltd.(“China Chengxin”)
	Office address	21/F, An Ji Plaza, No. 760 Xizang South Road, Shanghai, PRC
Credit rating agency	Name	Golden Credit Rating International Co., Ltd.(“Golden Credit”)
	Office address	11th,12th Floor, South Tower, 1 building, No.3 Chaowai Xijie, Chaoyang District, Beijing, PRC

CHAPTER 8 CORPORATE BONDS

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

Other explanation:

The bond trustee for the 2012 corporate bond of Yanzhou Coal Mining Company Limited (first tranche) and the 2012 corporate bond of Yanzhou Coal Mining Company Limited (second tranche) is BOC International, and the credit rating agency is Dagong Global Credit Rating Co., Ltd.

The bond trustee for the 2017 Renewable Corporate Bond of Yanzhou Coal Mining Company Limited (first tranche) and the 2018 Renewable Corporate Bond of Yanzhou Coal Mining Company Limited (first tranche) is Ping An Securities, and the credit rating agency is China Chengxin Securities Rating Co., Ltd.

The bond trustee for the 2020 corporate bond of Yanzhou Coal Mining Company Limited (first tranche) is Hai Tong Securities, and the credit rating agency is Golden Credit Rating International Co., Ltd.

III. USE OF PROCEEDS FROM CORPORATE BONDS

The 12 Yanzhou Coal 02 and the 12 Yanzhou Coal 04 raised proceeds of RMB4 billion and RMB3.05 billion (before deducting issuing expenses), respectively, with RMB7.05 billion funds raised in total. The whole proceeds were used to replenish working capital. The actual use of the proceeds is consistent with the plan of the prospectus.

The bond balance of 12 Yanzhou Coal 02 was RMB4 billion. The bond balance of 12 Yanzhou Coal 04 was RMB3.05 billion.

The 17 Yanzhou Coal Y1 and the 18 Yanzhou Coal Y1 raised proceeds of RMB5 billion (before deducting issuing expenses), respectively, with RMB10 billion funds raised in total. The whole proceeds were used to repay the debts due, replenish working capital. The actual use of the proceeds is consistent with the plan of the prospectus.

The bond balance of 17 Yanzhou Coal Y1 was RMB5 billion. The bond balance of 18 Yanzhou Coal Y1 was RMB5 billion.

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

The bond balance of 20 Yanzhou Coal 01 was RMB300 million. The bond balance of 20 Yanzhou Coal 02 was RMB2.7 billion. The bond balance of 20 Yanzhou Coal 03 was RMB2 billion.

CHAPTER 8 CORPORATE BONDS

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

IV. CREDIT RATINGS OF CORPORATE BONDS

1. On 21 May 2020, the track ratings made by Dagong Global Credit Rating Co., Ltd. based on the conditions of the Company during the reporting period were as follows: the long-term credit rating of the Company remains AAA and the rating is expected to remain stable; the credit ratings to 12 Yanzhou Coal 02 and 12 Yanzhou Coal 04 remain AAA. The relevant information was published on the website of the Shanghai Stock Exchange on 22 May 2020. The credit ratings remain unchanged, which indicates that the risk of bonds unable to repay at maturity is very low.
2. On 18 June 2020, China Chengxin Securities Ratings Co., Ltd. issued the following track ratings for 2017 Renewable Corporate Bond of Yanzhou Coal (first tranche) and 2018 Renewable Corporate Bond of Yanzhou Coal (first tranche) according to the Company's conditions: the main credit rating to the Company remains AAA and the rating is expected to remain stable; the credit ratings to 17 Yanzhou Coal Y1 and 18 Yanzhou Coal Y1 remain AAA. The relevant information was published on the website of the Shanghai Stock Exchange on 22 June 2020. The credit ratings remain unchanged, which indicates that the risk of failure to repay at maturity is very low.
3. On 16 June 2020, Golden Credit Rating International Co., Ltd. issued the following track ratings for 2020 Corporate Bond of Yanzhou Coal (first tranche) according to the Company's conditions: the main credit rating to the Company remains AAA and the rating is expected to remain stable; the credit ratings to 20 Yanzhou Coal 01, 20 Yanzhou Coal 02 and 20 Yanzhou Coal 03 remain AAA. The relevant information was published on the website of the Shanghai Stock Exchange on 22 June 2020. The credit ratings remain unchanged, which indicates that the risk of failure to repay at maturity is very low.

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

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

1. Guarantee

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

CHAPTER 8 CORPORATE BONDS

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

Key financial data and indicators of Yankuang Group (unaudited financial data on 30 June 2020) are as follows:

Unit: RMB 10 thousand

	30 June 2020	31 December 2019
Net assets	10,497,014	10,073,479
Liability to asset ratio	68.49%	68.38%
Return rate on net assets	3.71%	9.35%
Current ratio	1.15	1.06
Liquidity ratio	0.84	0.77
Credit status of guarantor	AAA	AAA
Accumulative balance of external guarantee	28,900	28,900
Accumulative balance of external guarantee to net assets ratio	0.28%	0.29%

Note: The “Accumulative balance of external guarantee” in the above table does not include the guarantee amount of Yankuang Group provided to its holding subsidiaries.

As at the end of the reporting period, the other main assets owned by Yankuang Group other than the equity of Yanzhou Coal Mining are: (1) 100% equity interest in Yankuang Lunan Chemical Co., Ltd. (2) 50% equity interest in Shaanxi Future Energy Chemical Co., Ltd. (3) 51.37% equity interest in Yankuang Guizhou Energy and Chemical Co., Ltd. (4) 100% equity interest in Yankuang Xinjiang Energy and Chemical Co., Ltd. and (5) 100% equity interest in Zhongyin Estate Co., Ltd.

2. Debt repayment scheme

The value date of 12 Yanzhou Coal 02 is on 23 July 2012. Bond interest will be paid once a year within the duration from the value date. The payment date of 12 Yanzhou Coal 02 for the previous interest year from 2013 to 2022 is on 23 July (extended accordingly to the next business day when it is official holiday or rest day). The maturity date of 12 Yanzhou Coal 02 is on 23 July 2022. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 12 Yanzhou Coal 04 is on 3 March 2014. Bond interest will be paid once a year within the duration from the value date. The payment date of 12 Yanzhou Coal 04 for the previous interest year from 2015 to 2024 is on 3 March (extended accordingly to the next trading day when it is official holiday or rest day). The maturity date of 12 Yanzhou Coal 04 is on 3 March 2024. The principal and the interest for the final tranche should be paid on the maturity date.

CHAPTER 8 CORPORATE BONDS

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

The value date of 17 Yanzhou Coal Y1 is on 17 August 2017. If the Company does not exercise the right of deferred payment of interest, the bond pays interest once a year for the duration of the bond, and on 17 August of each year during the duration (extended accordingly to the next business day when it is official holiday or rest day) is the interest payment date of the last interest-bearing year; if the Company chooses to extend the term of the bond during the renewal option exercise year, the term of the bond is extended from the interest payment date of the year within one cycle, if the Company chooses to pay the bond in full during the renewal option exercise year, the interest payment date of the interest-bearing year is the date on which the bond is redeemed.

The value date of 18 Yanzhou Coal Y1 is on 26 March 2018. If the Company does not exercise deferred payment of interest, the bond pays interest once a year for the duration of the bond, and on 26 March of each year during the duration (extended accordingly to the next business day when it is official holiday or rest day) is the interest payment date of the last interest-bearing year; if the Company chooses to extend the term of the bond during the renewal option exercise year, the term of the bond is extended from the interest payment date of the year within one cycle, if the Company chooses to pay the bond in full during the renewal option exercise year, the interest payment date of the interest-bearing year is the date on which the bond is redeemed.

The value date of 20 Yanzhou Coal 01 is on 12 March 2020. Bond interest will be paid once a year within the duration from the value date. The payment date of 20 Yanzhou Coal 01 for the previous interest year from 2020 to 2023 is on 12 March (extended accordingly to the next business day when it is official holiday or rest day). The maturity date of 20 Yanzhou Coal 01 is on 12 March 2023. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 20 Yanzhou Coal 02 is on 12 March 2020. Bond interest will be paid once a year within the duration from the value date. The payment date of 20 Yanzhou Coal 02 for the previous interest year from 2020 to 2025 is on 12 March (extended accordingly to the next business day when it is official holiday or rest day). The maturity date of 20 Yanzhou Coal 02 is on 12 March 2025. The principal and the interest for the final tranche should be paid on the maturity date.

The value date of 20 Yanzhou Coal 03 is on 12 March 2020. Bond interest will be paid once a year within the duration from the value date. The payment date of 20 Yanzhou Coal 03 for the previous interest year from 2020 to 2030 is on 12 March (extended accordingly to the next business day when it is official holiday or rest day). The maturity date of 20 Yanzhou Coal 03 is on 12 March 2030. The principal and the interest for the final tranche should be paid on the maturity date.

The principal and the interest of the 12 Yanzhou Coal 02, 12 Yanzhou Coal 04, 17 Yanzhou Coal Y1, 18 Yanzhou Coal Y1, 20 Yanzhou Coal 01, 20 Yanzhou Coal 02 and 20 Yanzhou Coal 03 will be paid by bond registration trustee agency and relevant agency. The details of the payment will be explained by the Company in the announcement published in the designated media by the CSRC in accordance with the relevant regulations.

CHAPTER 8 CORPORATE BONDS

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

3. Debt repayment supporting plan

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

- (1) establish specialized team for debt payment;
- (2) ensure that the fixed fund is used for its specified purpose only;
- (3) give full play to the role of bond trustee;
- (4) formulate the rules for bondholders meeting;
- (5) disclose the information strictly;
- (6) in case that the Company cannot pay back the principal and interests of this bond in time, the Company undertakes to take the following measures to effectively protect the interest of bondholders: ① don't distribute profits to shareholders; ② postpone the implementation of significant external investment, merge and acquisition and other capital expenditure projects; ③ reduce or suspend the salaries and bonuses for directors and senior management; and ④ main responsibility person cannot be transferred.

4. Special account for debt payment

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

VI. BONDHOLDERS' MEETING

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

VII. PERFORMANCE OF DUTIES BY BOND TRUSTEE

1. The Company and BOC International entered into the Agreement on Bond Entrusted Management in January 2012, according to which, BOC International was appointed as the trustee of the 2012 Corporate Bond (first tranche) and 2012 Corporate Bond (second tranche) issued by the Company. Reports on entrusted management businesses of 2019 have been disclosed by BOC International and posted on the website of the Shanghai Stock Exchange.
2. The Company and Ping An Securities entered into the Agreement on Bond Entrusted Management in August 2017, according to which, Ping An Securities was appointed as the trustee of the 2017 Renewable Corporate Bond (first tranche). Reports on entrusted management businesses of 2019 have been disclosed by Ping An Securities and posted on the website of the Shanghai Stock Exchange.

CHAPTER 8 CORPORATE BONDS

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

- The Company and Ping An Securities entered into the Agreement on Bond Entrusted Management in August 2017, according to which, Ping An Securities was appointed as the trustee of the 2018 Renewable Corporate Bond of Yanzhou Coal (first tranche). Reports on entrusted management businesses of 2019 have been disclosed by Ping An Securities and posted on the website of the Shanghai Stock Exchange.
- The Company and Hai Tong Securities entered into the Agreement on Bond Entrusted Management in June 2019, according to which, Hai Tong Securities was appointed as the trustee of the 2020 Corporate Bond of Yanzhou Coal (first tranche). Provisional reports on first entrusted management businesses of 2020 have been disclosed by Hai Tong Securities and posted on the website of the Shanghai Stock Exchange.

VIII. ACCOUNTING DATA AND FINANCIAL INDICATORS AS AT THE END OF THE REPORTING PERIOD AND THE END OF PREVIOUS YEAR (OR DURING THE REPORTING PERIOD AND THE SAME PERIOD OF PREVIOUS YEAR)

Main Indicators	As at the end		Increase/decrease at the end of the Reporting Period as compared with the end of previous year (%)
	of the Reporting Period	As at the end of previous year	
Current ratio	0.87	0.87	0.00
Liquidity ratio	0.69	0.72	-4.17
Liability to asset ratio (%)	61.90	59.81	Increased by 2.09 percentage points
Loan repayment rate (%)	100	100	0.00

Main Indicators	During the		Increase/decrease during the Reporting Period as compared with the same period of the previous year (%)
	Reporting Period (Jan-June)	The same period of the previous year	
EBITDA Interest cover ratio	9.78	8.89	10.01
Interest cover ratio	100	100	0.00

CHAPTER 8 CORPORATE BONDS

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

IX. EXPLANATION ON OVERDUE DEBTS

During the reporting period, the Company did not have an overdue debt.

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

The Company paid the principal and interest of the USD bonds for a term of 10 years in 2012, the USD perpetual bonds issued in 2017, the USD bonds for a term of 3 years in 2018, the medium term note issued in 2018 and ultra-short term financing bonds issued in 2020 on schedule without default.

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

As at 30 June 2020, the total bank credit limit of the Company was RMB139.901 billion, of which, RMB51.956 billion has been used, RMB87.945 billion remained unused. In the first half of 2020, the Company repaid the principal and interest of bank loan amounting to RMB8.222 billion on schedule.

Save as disclosed above, there were no other extension, drawdown and default during the reporting period.

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

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

XIII. SIGNIFICANT EVENTS AND THEIR IMPACTS ON OPERATIONS AND DEBT REPAYMENT ABILITY OF THE COMPANY

For the information on significant events and latest progress of the Company, please refer to the Significant Events of Chapter 5 in this report.

The above mentioned significant events had no major impacts on the Company's operation and didn't influence the Company's debt payment ability to investors as the Company maintains stable operation and sufficient financing sources.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	NOTES	Six months ended 30 June	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Gross sales of coal		33,497,673	31,219,590
Railway transportation service income		183,807	214,754
Gross sales of electricity power		321,518	283,385
Gross sales of methanol		1,215,949	1,414,118
Gross sales of heat supply		20,818	12,072
Gross sales of equipment manufacturing		85,065	93,506
Total revenue		35,324,830	33,237,425
Transportation costs of coal		(1,745,601)	(1,620,036)
Cost of sales and service provided		(24,632,046)	(18,239,166)
Cost of electricity of power		(236,004)	(245,139)
Cost of methanol		(855,535)	(1,101,360)
Cost of heat supply		(12,917)	(8,435)
Cost of equipment manufacturing		(66,332)	(87,115)
Total cost of sales		(27,548,435)	(21,301,251)
Gross profit		7,776,395	11,936,174
Selling, general and administrative expenses		(3,839,730)	(3,616,512)
Share of profits of associates		793,323	947,282
Share of (losses) profits of joint ventures		(177,656)	47,040
Other income and gains		4,794,116	1,403,132
Finance costs	5	(1,405,248)	(1,562,027)
Profit before tax	6	7,941,200	9,155,089
Income taxes expenses	7	(1,585,800)	(1,662,712)
Profit for the period		6,355,400	7,492,377
Attributable to:			
Equity holders of the Company		4,548,656	5,809,977
Owners of perpetual capital securities		295,750	299,153
Non-controlling interests			
– Perpetual capital securities		58,997	99,391
– Other		1,451,997	1,283,856
		6,355,400	7,492,377
Earnings per share, basic and diluted	9	RMB0.93	RMB1.18

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 2020

	NOTES	Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Profit for the period		6,355,400	7,492,377
Other comprehensive income (expense) (after income tax)			
Items that will not be reclassified subsequently to profit or loss:			
Fair value change on equity investments at fair value through other comprehensive income ("FVTOCI")		(46)	154
Income tax relating to item that will not be reclassified subsequently		12	(39)
		(34)	115
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
Cash flow hedge reserve recognised in other comprehensive income		(112,938)	(252,070)
Reclassification adjustments for amounts transferred to income statement (included in revenue)		237,577	247,398
Deferred taxes		(35,095)	81,945
		89,544	77,273
Share of other comprehensive income of associates		24,879	51,339
Exchange difference arising on translation of foreign operations		(258,364)	199,169
Total comprehensive income for the period		6,211,425	7,820,273
Attributable to:			
Equity holders of the Company		4,474,080	6,087,519
Owners of perpetual capital securities		295,750	299,153
Non-controlling interests			
– Perpetual capital securities		58,997	99,391
– Other		1,382,598	1,334,210
		6,211,425	7,820,273

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTES	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Current assets			
Bank balances and cash	10	17,573,349	22,789,951
Pledged term deposits	10	210,000	210,000
Restricted cash	10	6,690,976	4,273,655
Bills and accounts receivables	11	10,282,606	7,598,163
Long term receivables – due within one year		1,418,204	1,355,851
Royalty receivable		93,596	120,538
Inventories		8,414,754	6,007,309
Prepayments and other receivables	12	22,590,844	20,339,819
Derivative financial instruments		40,761	36,114
		67,315,090	62,731,400
Assets classified as held for sale		216,816	217,644
		67,531,906	62,949,044
Non-current assets			
Intangible assets		55,964,430	51,958,569
Property, plant and equipment	13	44,179,688	44,995,450
Right-of-use assets	14	1,789,942	1,739,438
Construction in progress		16,573,250	16,288,401
Prepayment for property, plant and equipment		1,891,525	1,860,196
Goodwill		1,653,873	1,655,090
Investments in securities		157,218	156,720
Interests in associates		17,728,977	17,115,439
Interests in joint ventures		339,982	518,956
Long term receivables – due after one year		9,420,245	8,762,200
Royalty receivable		1,019,617	1,022,552
Deposits made on investments		117,926	117,926
Deferred tax assets		1,334,380	1,620,590
		152,171,053	147,811,527
Total assets		219,702,959	210,760,571

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

AS AT 30 JUNE 2020

	NOTES	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Current liabilities			
Bills and accounts payables	15	21,541,025	19,116,658
Other payables and accrued expenses		23,585,563	26,798,374
Contract liabilities		3,570,108	2,717,475
Provision for land subsidence, restoration, rehabilitation and environmental costs	16	26,563	50,940
Amounts due to Parent Company and its subsidiary		1,333,320	1,093,707
Borrowings – due within one year	17	27,462,467	16,207,455
Long term payables – due within one year		–	4,070
Provision		59,697	54,368
Derivative financial instruments		154,601	148,554
Lease liabilities	14	146,184	156,852
Tax payable		807,397	653,437
		78,686,925	67,001,890
Non-current liabilities			
Borrowings – due after one year	17	46,625,735	49,168,036
Deferred tax liabilities		4,314,786	3,414,196
Provision for land subsidence, restoration, rehabilitation and environmental costs	16	2,209,174	1,991,782
Provision		996,819	1,091,640
Lease liabilities	14	274,355	328,072
Long term payables – due after one year		2,445,471	2,416,350
		56,866,340	58,410,076
Total liabilities		135,553,265	125,411,966
Capital reserves			
Share capital	18	4,860,000	4,912,016
Reserves	18	50,636,738	49,207,784
Equity attributable to equity holders of the Company		55,496,738	54,119,800
Owners of perpetual capital security	19	10,307,375	10,311,611
Non-controlling interests			
– Perpetual capital securities	19	–	3,417,351
– Others		18,345,581	17,499,843
		84,149,694	85,348,605
Total liabilities and equity		219,702,959	210,760,571

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to equity holders of the Company									Non-controlling interests				
	Share capital	Share premium	Capital reserve	Future development fund	Statutory common reserve fund	Translation reserve	Investment revaluation reserve	Cash flow hedge reserve	Retained earnings	Total	Perpetual Capital Securities issued by the Company and a subsidiary	Perpetual Capital Securities issued by a subsidiary	Others	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
	(note 18)			(note 18)					(note 18)		(note 19)	(note 19)		
At 1 January 2019 (audited)	4,912,016	2,967,947	393,273	969,450	6,276,768	(6,983,697)	208,225	(1,301,987)	44,635,365	52,077,360	10,316,444	3,417,351	21,233,834	87,044,989
Profit for the period (unaudited)	-	-	-	-	-	-	-	-	5,809,977	5,809,977	299,153	99,391	1,283,856	7,492,377
Other comprehensive income (expenses)														
- Fair value change of financial assets at FVTOCI	-	-	-	-	-	-	115	-	-	115	-	-	-	115
- Share of other comprehensive income of associates	-	-	-	-	-	-	51,339	-	-	51,339	-	-	-	51,339
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	53,409	-	53,409	-	-	23,864	77,273
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	172,679	-	-	-	172,679	-	-	26,490	199,169
Total comprehensive income for the period (unaudited)	-	-	-	-	-	172,679	51,454	53,409	5,805,723	6,087,519	299,153	99,391	1,334,210	7,820,273
Transactions with owners (unaudited)														
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	(300,000)	(99,391)	-	(399,391)
- Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(4,046,586)	(4,046,586)
- Dividends	-	-	-	-	-	-	-	-	(2,652,489)	(2,652,489)	-	-	(873,967)	(3,526,456)
Transactions with owners (unaudited)	-	-	-	-	-	-	-	-	(2,652,489)	(2,652,489)	(300,000)	(99,391)	(4,920,553)	(7,972,433)
At 30 June 2019 (unaudited)	4,912,016	2,967,947	393,273	969,450	6,276,768	(6,811,018)	259,679	(1,248,578)	47,792,863	55,512,390	10,315,597	3,417,351	17,647,491	86,892,829

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Attributable to equity holders of the Company										Non-controlling interests				
	Share capital	Share premium	Capital reserve	Share option reserve	Future development fund	Statutory common reserve	Translation reserve	Investment revaluation reserve	Cash flow hedge reserve	Retained earnings	Total	Perpetual Capital Securities issued by the Company	Perpetual Capital Securities issued by a subsidiary	Others	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)	(note 19)		
At 1 January 2020 (audited)	4,912,016	2,967,947	(213,259)	32,553	969,450	6,857,167	(6,652,427)	392,248	(1,025,001)	45,879,106	54,119,800	10,311,611	3,417,351	17,499,843	85,348,605
Profit for the period (unaudited)															
- Other comprehensive income (expenses)	-	-	-	-	-	-	-	-	-	4,548,656	4,548,656	295,750	58,997	1,451,997	6,355,400
- Fair value change of financial assets at FVTOCI	-	-	-	-	-	-	-	(34)	-	-	(34)	-	-	-	(34)
- Share of other comprehensive income of associates	-	-	-	-	-	-	-	24,879	-	-	24,879	-	-	-	24,879
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	-	55,750	-	55,750	-	-	33,794	89,544
- Redemption of perpetual capital securities	-	-	-	-	-	-	(26,135)	-	-	-	(26,135)	-	26,135	-	-
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(155,171)	-	-	-	(155,171)	-	-	(103,193)	(258,364)
Total comprehensive income for the period (unaudited)	-	-	-	-	-	-	(181,306)	24,845	55,750	4,548,656	4,447,945	295,750	85,132	1,382,598	6,211,425
Transactions with owners (unaudited)															
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(299,986)	(58,997)	-	(358,983)
- Recognition of share based payment expenses	-	-	-	6,257	-	-	-	-	-	-	6,257	-	-	-	6,257
- Share repurchased	(52,016)	(232,583)	-	-	-	-	-	-	-	-	(284,599)	-	-	-	(284,599)
- Redemption of perpetual capital securities	-	-	-	-	-	-	26,135	-	-	-	26,135	-	(3,443,486)	-	(3,417,351)
- Capital contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	12,614	12,614
- Dividend	-	-	-	-	-	-	-	-	(2,818,800)	(2,818,800)	-	-	-	(549,474)	(3,368,274)
Transactions with owners (unaudited)	(52,016)	(232,583)	-	6,257	-	-	26,135	-	(2,818,800)	(3,071,007)	(299,986)	(3,502,483)	(536,860)	(7,410,336)	
At 30 June 2020 (unaudited)	4,860,000	2,735,364	(213,259)	38,810	969,450	6,857,167	(6,807,598)	417,093	(969,251)	47,608,962	55,496,738	10,307,375	-	18,345,581	84,149,694

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	5,884,727	8,378,922
INVESTING ACTIVITIES		
(Placement) withdrawal of restricted cash	(2,417,321)	(950,542)
Withdrawal of term deposits	–	1,703,231
Investment in associate	(4,800)	–
Purchase of intangible assets	(916,070)	(667,838)
Purchase of property, plant and equipment and construction in progress	(2,074,214)	(2,848,612)
Proceeds on disposal of property, plant and equipment	1,288,490	1,133,130
Proceeds on disposal of right-of-use assets	22,143	–
Decrease (increase) in deposit for acquisition of property, plant and equipment	(31,329)	324,075
Dividend income received from associates	283,074	–
Increase in long term receivables	(1,600,456)	(380,888)
Settlement of payables for acquisition of assets	–	(890,321)
Payment on acquisition of additional interest in a joint operation	(506,651)	–
Other investing activities	–	487,697
NET CASH USED IN INVESTING ACTIVITIES	(5,957,134)	(2,090,068)

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
FINANCING ACTIVITIES		
Distribution paid to holders of perpetual capital securities	(358,983)	(399,391)
Dividend paid to non-controlling shareholders	(549,474)	(873,967)
Dividends paid	(1,917,482)	(583,470)
Interest expenses on lease liabilities	(11,435)	(8,481)
Payment of lease liabilities	(271,349)	(144,589)
Payment of repurchase of shares	(298,757)	–
Proceeds from bank borrowings	21,696,836	7,199,768
Repayments of borrowings	(13,133,691)	(10,937,011)
Proceeds from issuance of guaranteed notes	–	3,013,799
Repayment of guaranteed notes	–	(6,948,783)
Redemption of perpetual capital securities	(3,443,486)	–
Payment for acquisition of additional interests in subsidiaries	–	(4,046,586)
(Decrease) increase in customers' deposits for financing business received	(6,238,740)	2,839,624
Contribution from non-controlling interests	26,772	–
NET CASH USED IN FINANCING ACTIVITIES	(4,499,789)	(10,889,087)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(4,572,196)	(4,600,233)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF THE PERIOD	22,789,951	27,372,942
Effect of foreign exchange rate	(644,406)	4,723
CASH AND CASH EQUIVALENTS, AT END OF THE PERIOD, represented by bank balances and cash	17,573,349	22,777,432

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL

Yanzhou Coal Mining Company Limited (the “Company”) is established as a joint stock company with limited liability in the People’s Republic of China (the “PRC”). In April 2001, the status of the Company was changed to that of a Sino-foreign joint stock limited company. The Company’s A shares are listed on the Shanghai Stock Exchange (“SSE”) 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 Yankuang Group Corporation Limited (the “Parent Company”), a state-owned enterprise in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the Group Profile 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 methanol, coal mining, electricity and heat supply and equipment manufacturing.

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

2. BASIS OF PREPARATION

The condensed interim consolidated financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 June 2020 has been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”) as well as with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the HKEX. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019. The interim financial information is unaudited.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial information has been prepared on the historical basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019, except as described below.

In the current interim period, the Group had applied, for the first time, amendments to references to the conceptual framework in International Financial Reporting Standards ("IFRS") and the following new amendments to "IFRSs" issued by the IASB, which are effective for the financial year beginning on 1 January 2020.

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the amendments to 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 statements.

4. SEGMENT INFORMATION

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

4. SEGMENT INFORMATION – CONTINUED

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

For management purposes, the Group is currently organised into four operating divisions-coal mining, coal railway transportation, methanol, electricity and heat supply and equipment manufacturing. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:

Coal mining	–	Underground and open-cut mining, preparation and sales of coal and potash mineral exploration
Coal railway transportation	–	Provision of railway transportation services
Methanol, electricity and heat supply	–	Production and sales of methanol and electricity and related heat supply services
Equipment manufacturing	–	Manufacturing of comprehensive coal mining and excavating equipment

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

4. SEGMENT INFORMATION – CONTINUED

(a) Segment revenues and results

Segment information about these businesses is presented below:

	For the six months ended 30 June 2020						
	Coal mining	Coal railway transportation	Methanol, and heat supply	Electricity manufacturing	Unallocated	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
SEGMENT REVENUE							
External	33,497,673	183,807	1,558,285	85,065	-	-	35,324,830
Inter-segment	2,814,028	27,075	192,891	32,975	-	(3,066,969)	-
Total	36,311,701	210,882	1,751,176	118,040	-	(3,066,969)	35,324,830
RESULTS							
Segment results	8,322,569	72,677	365,083	18,734	-	-	8,779,063
Unallocated corporate expenses	-	-	-	-	-	-	(1,168,004)
Unallocated corporate income	-	-	-	-	-	-	662,538
Interest income	-	-	-	-	-	-	457,184
Share of profits of associates	294,931	23,548	5,123	-	469,721	-	793,323
Share of losses of joint ventures	(177,656)	-	-	-	-	-	(177,656)
Finance costs	-	-	-	-	-	-	(1,405,248)
Profit before tax							7,941,200
Income taxes expenses							(1,585,800)
Profit for the period							6,355,400

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

4. SEGMENT INFORMATION – CONTINUED

(a) Segment revenues and results – Continued

	For the six months ended 30 June 2019						Consolidated RMB'000 (unaudited)
	Coal mining RMB'000 (unaudited)	Coal railway transportation RMB'000 (unaudited)	Methanol, electricity and heat supply RMB'000 (unaudited)	Equipment manufacturing RMB'000 (unaudited)	Unallocated RMB'000 (unaudited)	Eliminations RMB'000 (unaudited)	
SEGMENT REVENUE							
External	31,219,590	214,754	1,709,575	93,506	-	-	33,237,425
Inter-segment	2,405,950	27,083	192,891	107,399	-	(2,733,323)	-
Total	33,625,540	241,837	1,902,466	200,905	-	(2,733,323)	33,237,425
RESULTS							
Segment results	9,247,700	96,915	467,543	6,391	-	-	9,818,549
Unallocated corporate expenses	-	-	-	-	-	-	(1,195,105)
Unallocated corporate income	-	-	-	-	-	-	668,991
Interest income	-	-	-	-	-	-	430,359
Share of profits of associates	294,141	91,780	43,084	-	518,277	-	947,282
Share of profits of joint ventures	47,040	-	-	-	-	-	47,040
Finance costs	-	-	-	-	-	-	(1,562,027)
Profit before tax							9,155,089
Income taxes expenses							(1,662,712)
Profit for the period							7,492,377

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

5. FINANCE COSTS

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expenses on:		
– Bank and other borrowings	1,635,628	1,683,861
– Lease liabilities	11,435	8,481
	1,647,063	1,692,342
Less: interest expenses capitalised into construction in progress	(241,815)	(130,315)
	1,405,248	1,562,027

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit before tax has been arrived at after charging (crediting):		
Amortisation of intangible assets	972,157	751,699
Depreciation of property, plant and equipment	2,817,989	2,369,998
Depreciation of right-of-use assets	113,113	103,489
Interest income	(457,184)	(430,359)
Gain on acquisition of additional interest in a joint operation	(3,183,312)	–
Fair value gain on financial assets at fair value through profit or loss	(10,150)	–
Loss on disposal of property, plant and equipment, net	1,287	23,504
Impairment loss recognised in respect of inventories	53,148	1,163
Exchange gain, net	(120,310)	(37,695)
Provision of impairment loss on accounts and other receivables	588,888	32,902

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Income taxes:		
Current taxes	1,852,354	1,756,222
Deferred taxes	(266,554)	(93,510)
	1,585,800	1,662,712

8. DIVIDEND

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final dividend approved, RMB0.58 (2019: RMB0.54) per share	2,818,800	2,652,489

Pursuant to the annual general meeting held on 19 June 2020, a final dividend of RMB0.58 per share in respect of the year ended 31 December 2019 was approved.

9. EARNINGS PER SHARE

The calculation of the earnings per share attributable to equity holders of the Company for the six months ended 30 June 2020 is based on the profit for the period of approximately RMB4,548,656,000 (2019: approximately RMB5,809,977,000) and on the weighted average of 4,901,760,000 shares (2019: 4,912,016,000 shares) in issue during the six months ended 30 June 2020 and 30 June 2019 respectively.

For the purpose of computation of diluted earnings per share for the six months ended 30 June 2020, the Company had taken into consideration the dilutive effects of the share options issued by the Company and shares issuable under share incentive schemes of a non-wholly owned listed subsidiary (2019: shares issuable under share incentive schemes). The diluted earnings per share for the six months ended 30 June 2020 and 2019 approximate the basic earnings per share.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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

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

11. BILLS AND ACCOUNTS RECEIVABLES

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Accounts receivables	8,037,555	4,976,900
Less: Impairment loss	(510,106)	(481,503)
	7,527,449	4,495,397
Bills receivables	2,756,363	3,103,594
Less: Impairment loss	(1,206)	(828)
Total bills and accounts receivables, net	10,282,606	7,598,163

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

At as 30 June 2020, the gross amount of bills and accounts receivable arising from contracts with customers amounted to approximately RMB10,793,918,000 (31 December 2019: RMB8,080,494,000).

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

11. BILLS AND ACCOUNTS RECEIVABLES – CONTINUED

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
0-90 days	6,084,257	4,352,677
91-180 days	1,974,251	1,625,634
181-365 days	1,900,015	1,365,969
Over 1 year	324,083	253,883
	10,282,606	7,598,163

The Group does not hold any collateral over these balances.

An analysis of the impairment loss on bills and accounts receivables for the period/year ended 30 June 2020 and 31 December 2019 are as follows:

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
At the beginning of the period/year	482,331	401,648
Amounts written off as uncollectible	–	(38,207)
Provided for the period/year	29,809	223,230
Impairment loss reversed	(828)	(104,340)
At the end of the period/year	511,312	482,331

The Group measures the loss allowance for bills and accounts receivables at an amount equal to lifetime ECL. As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment on a collective basis for part of its customers which consist of large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

12. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Advance to suppliers	5,522,175	4,063,775
Less: Impairment loss on advance to suppliers	(645,061)	(579,506)
	4,877,114	3,484,269
Prepaid relocation costs of inhabitants	2,318,361	1,962,913
Other taxes	1,176,481	1,310,821
Dividend receivables	201,673	–
Loan receivables	10,388,363	9,504,131
Interest receivable	194,978	118,464
Others	4,698,005	4,729,000
Less: Impairment loss on other receivables	(1,264,131)	(769,779)
	22,590,844	20,339,819

- (i) An analysis of the impairment loss on advances to suppliers for the period/year ended 30 June 2020 and 31 December 2019 are as follows:

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
At the beginning of the period/year	579,506	614,343
Amounts written off as uncollectible	–	(34,837)
Provided for the period/year	65,555	–
At the end of the period/year	645,061	579,506

Advances will be written off, if aged over 4 years and considered irrecoverable by the management after considering the credit quality of the individual party and the nature of the amount overdue. During the six months ended 30 June 2020, no advance was written-off (year ended 31 December 2019: approximately RMB34,837,000).

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

12. PREPAYMENTS AND OTHER RECEIVABLES – CONTINUED

- (ii) An analysis of the impairment loss on other receivables for the period/year ended 30 June 2020 and 31 December 2019 are as follows:

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
At the beginning of the period/year	769,779	423,134
Provided for the period/year	544,110	404,042
Impairment loss reversed	(49,758)	(57,397)
At the end of the period/year	1,264,131	769,779

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2020, the Group acquired items of property, plant and equipment with a cost of approximately RMB1,035,115,000 (year ended 31 December 2019: approximately RMB3,603,365,000). Items of property, plant and equipment with a net book value of approximately RMB745,440,000 were disposed of during the six months ended 30 June 2020 (year ended 31 December 2019: approximately RMB882,115,000), resulting in a loss on disposal of approximately RMB1,287,000 (year ended 31 December 2019: approximately RMB50,237,000).

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 June 2020, the carrying amounts of right-of-use assets were approximately RMB7,561,000, RMB1,455,658,000 and RMB326,723,000 (31 December 2019: approximately RMB8,479,000, RMB1,332,910,000 and RMB398,049,000) in respect of the properties leased under operating leases, prepaid lease and plant and equipment under finance leases.

During the six months ended 30 June 2020, the Group entered into a number of lease agreements for the properties leased under operating leases, prepaid lease and plant and equipment under finance leases and on lease commencement, the Group recognised right-of-use assets of RMB165,271,000.

(ii) Lease liabilities

As at 30 June 2020, the carrying amount of lease liabilities was approximately RMB420,539,000 (31 December 2019: RMB484,924,000). During the six months ended 30 June 2020, the Group entered into a number of new lease agreements and recognised lease liability of RMB165,271,000.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES – CONTINUED

(iii) Amounts recognised in profit or loss

	Six months ended 30 June 2020 RMB'000	Six months ended 30 June 2019 RMB'000
Depreciation expense on right-of-use assets	113,113	103,489
Interest expense on lease liabilities	11,435	8,481

(iv) Total cash outflow for lease

During the six months ended 30 June 2020, the total cash outflow for leases amount to approximately RMB282,784,000 (2019: approximately RMB153,070,000).

15. BILLS AND ACCOUNTS PAYABLES

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Accounts payables	11,531,295	10,024,399
Bills payables	10,009,730	9,092,259
	21,541,025	19,116,658

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
0 – 90 days	19,197,544	15,611,872
91 – 180 days	408,768	1,377,383
181 – 365 days	1,139,127	1,285,558
Over 1 year	795,586	841,845
	21,541,025	19,116,658

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.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
At the beginning of the period/year	2,042,722	3,752,230
Exchange re-alignment	(6,226)	74,128
Additional provision in the period	275,120	492,872
Utilisation of provision	(75,879)	(2,276,508)
At the end of the period/year	2,235,737	2,042,722
Presented as:		
Current portion	26,563	50,940
Non-current portion	2,209,174	1,991,782
	2,235,737	2,042,722

Provision for land subsidence, restoration, rehabilitation and environmental costs has been determined by the directors of the Company based on their best estimates. However, in so far as the effect on the land and the environment from current mining activities becomes apparent in future periods, the estimate of the associated costs may be subject to change in the near term.

17. BORROWINGS

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Current liabilities		
Bank borrowings		
– Unsecured borrowings (i)	13,071,706	8,750,202
– Secured borrowings (ii)	11,390,761	4,458,453
Guaranteed notes (iii)	3,000,000	2,998,800
	27,462,467	16,207,455
Non-current liabilities		
Bank borrowings		
– Unsecured borrowings (i)	21,190,427	16,711,000
– Secured borrowing (ii)	5,846,287	17,889,763
Guaranteed notes (iii)	19,589,021	14,567,273
	46,625,735	49,168,036
Total borrowings	74,088,202	65,375,491

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

17. BORROWINGS – CONTINUED

(i) Unsecured borrowings are repayable as follows:

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Within one year	13,071,706	8,750,202
More than one year, but not exceeding two years	4,256,585	2,828,000
More than two years, but not more than five years	7,933,842	4,883,000
More than five years	9,000,000	9,000,000
	34,262,133	25,461,202

(ii) Secured borrowings are repayable as follows:

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Within one year	11,390,761	4,458,453
More than one year, but not exceeding two years	124,688	9,573,642
More than two years, but not more than five years	5,602,085	8,206,921
More than five years	119,514	109,200
	17,237,048	22,348,216

(iii) Guaranteed notes are detailed as follows:

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Guaranteed notes denominated in RMB repayable within one year	3,000,000	2,998,800
Guaranteed notes denominated in RMB repayable within one to two years	4,494,000	–
Guaranteed notes denominated in RMB repayable within two to five years	10,017,167	11,518,666
Guaranteed notes denominated in RMB repayable within over five years	1,980,500	–
Guaranteed notes denominated in USD repayable within one to two years	3,097,354	–
Guaranteed notes denominated in USD repayable within two to five years	–	3,048,607
	22,589,021	17,566,073

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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 2019 (audited) and 31 December 2019 (audited)	2,960,000,000	1,952,016,000	4,912,016,000
Shares repurchased (note)	–	(52,016,000)	(52,016,000)
At 30 June 2020 (unaudited)	2,960,000,000	1,900,000,000	4,860,000,000
	Domestic invested shares A shares RMB'000	Foreign invested shares H shares RMB'000	Total RMB'000
Registered, issued and fully paid			
At 1 January 2019 (audited) and 31 December 2019 (audited)	2,960,000	1,952,016	4,912,016
Shares repurchased (note)	–	(52,016)	(52,016)
At 30 June 2020 (unaudited)	2,960,000	1,900,000	4,860,000

Each share has a par value of RMB1.

Note: During the period ended 30 June 2020, the Company repurchased 52,016,000 of its own shares. The total amount paid was approximately RMB298,757,000.

18. SHAREHOLDERS' EQUITY – CONTINUED

Reserves

Future Development Fund

Pursuant to regulation in the PRC, the Company, Shanxi Heshun Tianchi Energy Co., Ltd. (“Shanxi Tianchi”) and Yanmei Heze Neng Hua Company Limited (“Heze”) are required to transfer an annual amount to a future development fund at RMB6 per tonne of raw coal mined (Inner Mongolia Xintai Coal Mining Co., Ltd. (“Xintai”) and Yanzhou Coal Ordos Neng Hua Company Limited (“Ordos”): RMB6 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’s subsidiaries, Shandong Hua Ju Energy Company Limited (“Hua Ju Energy”), Shanxi Tianhao Chemical Corporation (“Shanxi Tianhao”) and Yanzhou Coal Yulin Neng Hua Company Limited (“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.

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.

The Company can also create a discretionary reserve in accordance with its Articles of Association or pursuant to resolutions which may be adopted at a meeting of shareholders.

The Company’s distributable reserve as at 30 June 2020 is the retained earnings computed under IFRS which amounted to approximately RMB47,608,962,000 (31 December 2019: approximately RMB45,879,106,000).

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

19. PERPETUAL CAPITAL SECURITIES

	Perpetual capital securities issued by the Company RMB'000 (note i to ii)	Non- controlling interests Perpetual capital securities issued by a subsidiary RMB'000 (note iii)	Total RMB'000
At 1 January 2019 (audited)	10,316,444	3,417,351	13,733,795
Dividend to holders of perpetual capital security	580,181	200,566	780,747
Distribution paid to holders of perpetual capital security	(585,014)	(200,566)	(785,580)
At 31 December 2019 and 1 January 2020 (audited)	10,311,611	3,417,351	13,728,962
Profit attributable to holders of perpetual capital security	295,750	58,997	354,747
Distribution paid to holders of perpetual capital security	(299,986)	(58,997)	(358,983)
Redemption of perpetual capital security	–	(3,417,351)	(3,417,351)
At 30 June 2020 (unaudited)	10,307,375	–	10,307,375

- (i) The Company issued 5.75% perpetual capital securities with par value of RMB5,000,000,000 on 18 August 2017. Coupon payments of 5.7% per annum, which will be reset every 3 years, on the perpetual capital securities are paid in arrears and can be deferred at the discretion of the Group. 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 under IFRS.
- (ii) The Company issued 6% perpetual capital securities with par value of RMB5,000,000,000 on 26 March 2018. Coupon payments of 6% per annum on the perpetual capital securities are paid in once a year. The perpetual capital securities has no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity under IFRS.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

19. PERPETUAL CAPITAL SECURITIES – CONTINUED

- (iii) On 13 April 2017, Yancoal International Resources Development Co., Limited, a wholly owned subsidiary of the Company, issued 5.75% perpetual capital securities with par value of USD500,000,000, which is guaranteed by the Company. Coupon payments of 5.75% per annum on the perpetual capital securities are paid semi-annually in arrears and can be deferred at the discretion of the Group. 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 under IFRS. During the six months ended 30 June 2020, the Company has redeemed those perpetual securities at their principal amount.

20. FAIR VALUES

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

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

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

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

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

20. FAIR VALUES – CONTINUED

	Level 1	Level 2	Level 3	At 30 June 2020 Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Assets				
Financial assets at FVTPL				
– Unlisted equity investments	–	–	152,642	152,642
– Royalty receivables	–	–	1,113,213	1,113,213
– Derivative financial instruments	40,761	–	–	40,761
Financial assets at FVTOCI				
– Investments in securities listed on the SSE	303	–	–	303
– Unlisted equity securities	–	–	4,273	4,273
	41,064	–	1,270,128	1,311,192
Liabilities				
Financial assets at FVTPL				
– Derivative equity securities	–	85,598	69,003	154,601

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

20. FAIR VALUES – CONTINUED

	At 31 December 2019			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(audited)
Assets				
Investments in securities –				
Financial assets at FVTPL				
– Unlisted equity investments	–	–	152,097	152,097
– Royalty receivables	–	–	1,143,090	1,143,090
– Derivative financial instruments	32,016	4,098	–	36,114
Financial assets at FVTOCI				
– Investments in securities listed on the SSE	350	–	–	350
– Unlisted equity securities	–	–	4,273	4,273
	<u>32,366</u>	<u>4,098</u>	<u>1,299,460</u>	<u>1,335,924</u>
Liabilities				
Financial assets at FVTPL				
– Derivative equity securities	–	85,598	62,956	148,554

During the six months ended 30 June 2020 and the year ended 31 December 2019, there are no changes in categories between level 1 and level 2 and no movement from or into level 3.

- (i) The fair value of the royalty receivables is determined using the discounted future cash flows that are dependent on the following unobservable inputs: forecast sales volumes, coal prices and fluctuations in foreign exchange rates. The forecast sales volumes are based on the internally maintained budgets, five year business plan and life of mine models. The forecast coal prices and long term exchange rates are based on external data consistent with the data used for impairment assessments. The risk-adjusted post-tax discount rate used to determine the future cash flows is 10.5%. 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.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

21. MAJOR ACQUISITIONS

(a) Acquisition of 10% of Moolarben

On 31 March 2020, Yancoal Moolarben Coal Mine Pty Ltd, a 100% owned subsidiary of Yancoal Australia acquired an additional 10% interest in Moolarben Coal Joint Venture (“Moolarben JV”) previously owned by Sojitz Corporation (“Sojitz”). The Moolarben JV is accounted for as a joint operation. Following the acquisition Yancoal Australia holds an 95% interest in the Moolarben JV. The cash consideration paid and payable was AUD300 million (equivalent to approximately RMB1,433,221,000), split over four instalments over a period of 12 months plus a AUD8 million effective date adjustment whereby the cash consideration was increased by 10% of the Moolarben JV’s net cash inflow from 1 January 2020 to completion date.

	RMB'000
Consideration transferred	
Purchase price	1,433,221
Effective date adjustment	39,000
	<u>1,472,221</u>
Deemed acquisition of 95% interest	15,536,533
Deemed disposal of previously held 85% interest	<u>(10,881,000)</u>
Net fair value from deemed disposal and acquisition below	<u>4,655,533</u>
Gain on acquisition and remeasurement of 95% interest	31,833,312

Additional assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Bank balances and cash	19,500
Bills and accounts receivables	102,373
Inventories	29,249
Property, plant and equipment, net	940,856
Intangible assets	5,084,525
Prepayments and other receivables	9,750
Bills and accounts payables	(58,500)
Lease liabilities	(29,249)
Provisions	(38,999)
Deferred tax liabilities	<u>(1,403,972)</u>
Net assets acquired	<u>4,655,533</u>
Consideration transferred	<u>1,472,221</u>

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

21. MAJOR ACQUISITIONS – CONTINUED

(a) Acquisition of 10% of Moolarben – Continued

	RMB'000
Net cash outflow arising on acquisition:	
Cash paid on acquisition	1,472,221
Less: Bank balance and cash acquired	(19,500)
	<u>1,452,721</u>

22. 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 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Nature of balances (other than those already disclosed)		
Bills and accounts receivables		
– Parent Company and its subsidiaries	917,978	584,454
– Joint ventures	114,824	362,167
– Associates	18,807	–
Prepayments and other receivables		
– Parent Company and its subsidiaries	91,610	327,392
– Joint ventures	294,340	122,107
– Associates	70,519	72,819
Long-term receivables (note i)		
– Parent Company and its subsidiaries	1,520	8,689
– Joint ventures	1,011,956	989,901
– Associates	4,696,051	4,398,756
Bills and accounts payables		
– Joint ventures	–	–
– Associates	15,693	8,151
– Parent Company and its subsidiaries	1,317,627	1,093,259
Other payables and accrued expenses		
– Parent Company and its subsidiaries	11,628,674	10,599,970
– Joint ventures	142,720	–
– Associates	982,938	17,272

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

22. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

Balances and transactions with related parties – Continued

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

Note:

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

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Income		
Sales of coal	1,091,066	1,546,929
Sales of heat and electricity	15,115	17,241
Sales of auxiliary materials	441,584	346,691
Sales of methanol	1,891	1,728
Expenditure		
Utilities and facilities	3,425	23,758
Purchases of supply materials and equipment	544,958	416,885
Repair and maintenance services	1,819	1,566
Social welfare and support services	497,117	928,901
Construction services	119,116	140,136
Coal train convoy services	24,567	60,358

As at 30 June 2020, the Parent Company and its subsidiaries (other than the Group) had deposited approximately RMB10,460,561,000 (31 December 2019: approximately RMB10,129,682,000) to Yankuang Group Finance Co., Limited (“Yankuang Finance Company”). During the period, interest income and interest expense to the Parent Company and its subsidiaries (other than the Group) by Yankuang Finance Company, amounted to approximately RMB12,080,400 and RMB60,469,500 respectively (year ended 31 December 2019: approximately RMB207,191,000 and RMB105,623,000 respectively).

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

22. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

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

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“state-controlled entities”). In addition, the Group itself is part of a large group of companies under the Parent Company which is controlled by the PRC government. Apart from the transactions with the Parent Company and its subsidiaries disclosed above, the Group also conducts business with other state-controlled entities. The directors 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	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Trade sales	170,285	3,525,326
Trade purchases	–	1,530,787

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

	At 30 June	At 31 December
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Amounts due to other state-controlled entities	49,774	712,270
Amounts due from other state-controlled entities	500	49,211

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

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors are of the opinion that transactions with other state-controlled entities are not significant to the Group’s operations and no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the year.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

22. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

Balances and transactions with a joint venture and an associate

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Due from a joint venture and an associate	6,136,057	5,388,657

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

Compensation of key management personnel

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

	Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Directors' fee	1,473	1,241
Salaries, allowance and other benefits in kind	2,774	1,219
Retirement benefit scheme contributions	506	375
	4,753	2,835

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

23. COMMITMENTS

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial information		
(a) Acquisition of property, plant and equipment		
– the Group	7,021,824	8,397,556
– share of joint operations	187,988	215,197
– others	4,605	26,234
(b) Intangible assets		
– share of joint operations	18,357	9,764
– others	3,994	–
(c) Exploration and evaluation		
– share of joint operations	30,202	22,766
– others	–	9,156
	7,266,970	8,680,673

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

24. CONTINGENT LIABILITIES

(i) Guarantees

	At 30 June 2020 RMB'000 (unaudited)	At 31 December 2019 RMB'000 (audited)
(a) The Group		
– Performance guarantees provided to daily operations	665,577	736,989
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	303,276	661,600
(b) Joint operations		
– Performance guarantees provided to external parties	772,108	780,700
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	1,478,952	1,390,318
(c) Related parties		
– Performance guarantees provided to external parties	492,320	515,714
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	316,269	411,710
	4,028,502	4,497,031

24. CONTINGENT LIABILITIES – CONTINUED

- (ii) Yancoal Australia has issued a letter of support dated 27 February 2015 to Middlemount, a joint venture confirming:
- It will not demand the repayment of any loan due from Middlemount, except to the extent that Middlemount agrees otherwise or as otherwise provided in the loan agreement; and
 - It will provide financial support to Middlemount to enable it to meet its debts as and when they become due and payable, by way of new shareholder loans in proportion to its share of the net assets of Middlemount.

This letter of support will remain in force whilst the Yancoal Australia is a shareholder of Middlemount or until notice of not less than 12 months is provided or such shorter period as agreed by Middlemount.

25. SUBSEQUENT EVENTS

- (i) On 27 March 2020, the Company and its wholly-owned subsidiary, Yancoal International (Holding) Company Limited (the “Seller”), entered into the Equity Interest Transfer Agreements with ALYK (H.K.) Limited (“the Buyer”), a wholly-owned subsidiary of the Parent, pursuant to which Yancoal International (Holding) Company Limited agreed to sell and ALYK (H.K.) Limited agreed to purchase 100% equity interests of Yancoal International Trading Co., Limited and Yancoal International (Singapore) Pte. Ltd. at a cash consideration of RMB78,630,500 and RMB72,040,700, respectively (the “Proposed Transactions”). Details of which are set out in the announcements of the Company on 27 March 2020. The proposed transaction were completed in July 2020. The Proposed Transactions were completed in July 2020.
- (ii) The novel Coronavirus continues to spread widely after the six months ended 30 June 2020 and it is a fluid and challenging situation facing all the industries of the society. The Group has already assessed the overall impact of the situation on the operation of the Group and taken all possible effective measures to limit and keep the impact in control. The Group will keep continuous attention on the change of situation and make timely response and adjustments in the future.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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

(2a) Under IFRS, the acquisitions of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun and Donghua have been accounted for using the acquisition method which accounts for their assets and liabilities at their fair value at the date of acquisition. Any excess of the purchase consideration over the fair value of the net assets acquired is capitalised as goodwill.

Under PRC GAAP, as the entities above are under the common control of the Parent Company, their assets and liabilities of are required to be included in the condensed consolidated balance sheet of the Group at historical cost. The difference between the historical cost of their assets and liabilities acquired and the purchase price paid is recorded as an adjustment to shareholders' equity.

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

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

(4a) Under IFRS, the reversal of impairment loss on mining reserves was classified as other income in income statement.

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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

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

(5a) Under IFRS, the perpetual capital security issued by the Company was classified as equity instrument and separated from net assets attributable to equity holders of the Company.

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

The following 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 2020 RMB'000 (unaudited)	Net assets attributable to equity holders of the Company As at 30 June 2020 RMB'000 (unaudited)
As per condensed consolidated financial information on prepared under IFRS	4,548,656	55,496,738
Impact of IFRS adjustments in respect of:		
– future development fund charged to income before income taxes	(817,278)	–
– reversal of provision of work safety cost	4,905	(43,427)
– fair value adjustment and amortization	5,000	(225,052)
– goodwill arising from acquisition of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun	–	(899,403)
– acquisition of Donghua	1,021	(419,653)
– Goodwill arising from Yankuang Finance	–	(16,966)
– deferred tax	200,060	778,526
– perpetual capital security	–	10,307,375
– impairment loss and related amortisation on intangible assets of Yancoal Australia	5,099	(745,160)
– others	–	647,646
– Acquisition of 10% additional interest in Moorlaben JV	652,404	652,404
As per condensed consolidated financial information prepared under PRC GAAP	4,599,867	65,533,028

CHAPTER 10 DOCUMENTS AVAILABLE FOR INSPECTION

Documents available for inspection

The financial statements sealed and signed by the Chairman of the Company, the Chief Financial Officer and the Minister of Financial Department, respectively.

The original copies of all documents and announcements published during the reporting period in websites designated by the CSRC.

The interim report released in other securities markets.

Li Xiyong

Chairman

Approved by the Board for the submission on 28 August 2020