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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 2021**

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 2021. The interim results have been reviewed by the audit committee of the Board.

This announcement, containing the full text of the 2021 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 2021 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
Chairman of the Board
Li Wei

Zoucheng City, Shandong Province, the PRC
27 August 2021

As at the date of this announcement, the Directors of the Company are Mr. Li Wei, Mr. Liu Jian, Mr. Xiao Yaomeng, Mr. Zhu Qingrui, Mr. Zhao Qingchun, Mr. Wang Ruolin and Mr. Huang Xiaolong, 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;
“Shandong Energy Group” or “the Controlling Shareholder”	means	Shandong Energy Group Co., Ltd. (former Yankuang Group Company Limited, renamed as “Shandong Energy Group Co., Ltd.” in April 2021, is 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 55.76% of the total share capital of the Company as at the end of the reporting period;
“Heze Neng Hua”	means	Yanmei Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a 98.33% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the development and operation of coal resources and electric power business in Juye coalfield, Heze City, Shandong Province;
“Yulin Neng Hua”	means	Yanzhou Coal Yulin Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a wholly-owned subsidiary of the Company which is mainly engaged in the production and operation of chemical project in Shaanxi Province;
“Shanxi Neng Hua”	means	Yanzhou Coal Shanxi Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2002 and a wholly-owned subsidiary of the Company, which is mainly engaged in the management of projects invested in Shanxi Province by the Company;
“Ordos Neng Hua”	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;
“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;

CHAPTER 1 DEFINITION – CONTINUED

“Inner Mongolia Mining”	means	Inner Mongolia Mining (Group) Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2013 and a 51% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the investment and management of mineral resources, coal mining and preparation, mineral products sales, import and export and other businesses;
“Future Energy”	means	Shaanxi Future Energy Chemicals Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2011, is a 73.97% owned subsidiary of the documents Company as at the end of the reporting period, which is mainly engaged in R&D, production and sales of chemical products;
“Lunan Chemicals”	means	Yankuang Lunan Chemicals Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2007 and a wholly-owned subsidiary of the Company, which is mainly engaged in the development, production and sales of chemical products, etc.;
“Donghua Heavy Industry”	means	Yankuang Donghua Heavy Industry Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2013 and a wholly-owned subsidiary of the Company, which is mainly engaged in the design, manufacture, installation, repair and maintenance of mining equipment, electromechanical equipment and parts;
“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 and heating supply business;
“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;

CHAPTER 1 DEFINITION – CONTINUED

“Yancoal International”	means	Yancoal International (Holding) Company Limited, a company with limited liability incorporated under the laws of Hong Kong in 2011 and a wholly-owned subsidiary of the Company;
“Yancoal International Resources”	means	Yancoal International Resources Development Company Limited, a company with limited liability incorporated under the laws of Hong Kong in 2011 and a wholly-owned subsidiary of Yancoal International;
“H Shares”	means	Overseas listed foreign invested shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are listed on the HKEX;
“A Shares”	means	Domestic shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
“PRC”	means	The People’s Republic of China;
“Hong Kong”	means	The Hong Kong Special Administrative Region of the PRC;
“CASs” or “ASBEs”	means	Accounting Standards for Business Enterprises and the relevant regulations and explanations issued by the Ministry of Finance of the PRC;
“IFRS”	means	International Financial Reporting Standards issued by the International Accounting Standards Board;
“CSRC”	means	China Securities Regulatory Commission;
“Hong Kong Listing Rules”	means	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“HKEX” or “Hong Kong Stock Exchange”	means	The Stock Exchange of Hong Kong Limited;
“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;

CHAPTER 1 DEFINITION – CONTINUED

“Board”	means	The board of directors of the Company;
“Supervisors”	means	The supervisors of the Company;
“Supervisory Committee”	means	The Supervisory Committee of the Company;
“RMB”	means	Renminbi, the lawful currency of the PRC, unless otherwise specified;
“AUD”	means	Australian dollars, the lawful currency of Australia;
“USD”	means	United States dollars, the lawful currency of the United States;
“HKD”	means	Hong Kong dollars, the lawful currency of Hong Kong.

CHAPTER 2 COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS

I. INFORMATION OF THE COMPANY

Statutory Chinese Name:	兖州煤业股份有限公司
Abbreviation of Chinese Name:	兖州煤业
Statutory English Name:	Yanzhou Coal Mining Company Limited
Legal Representative:	Li Wei
Authorized Representatives of HKEX:	Zhao Qingchun, Huang Xiaolong

II. CONTACT DETAILS

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

III. GENERAL INFORMATION

Registered Address:	949 Fushan South Road, Zoucheng City, Shandong Province, PRC
Change of Registered Address:	Since Zoucheng City of Shandong Province reissued building numbers, the registered address of the Company was changed from “298 Fushan South Road, Zoucheng City Shandong Province, the PRC” to “949 Fushan South Road, Zoucheng City Shandong Province, the PRC” during the reporting period, and the actual location of the Company did not change. Such a change was approved at 2020 Annual General Meeting of Shareholders of the Company. The registration of change of registered address shall be subject to the approval by the market regulatory authorities.
Office Address:	949 Fushan South Road, Zoucheng City Shandong Province, the PRC
Postal Code:	273500
Official Website:	http://www.yanzhoucoal.com.cn
E-mail Address:	yzc@yanzhoucoal.com.cn
Query index for change of information during the reporting period	For details on the change of the Company’s registered address, please refer to the Announcement on Change of the Registered Address of the Company dated on 29 April 2021, which was posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company and/or China Securities Journal, Shanghai Securities News and Securities Times.

CHAPTER 2 COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS – CONTINUED

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

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

V. CORPORATE STOCKS

Stock type	Place of Listing	Stock Abbreviation	Stock Code
A share	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 (special general partnership)
	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

CHAPTER 2 COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS – CONTINUED

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
	2021 (RMB'000) (unaudited)	2020 (RMB'000) (unaudited)	Changes as compared with the corresponding period of the previous year (%)	2020 (RMB'000) (audited)
Sales income	42,673,504	35,324,830	20.80	69,123,020
Gross profit	12,992,234	7,776,395	67.07	14,092,367
Financing expenses	-2,384,168	-1,405,248	69.66	-2,867,029
Income before income tax	7,987,299	7,941,200	0.58	7,372,354
Net income attributable to equity holders of the Company for the reporting period	6,277,804	4,548,656	38.01	6,318,000
Earnings per Share	RMB1.29	RMB0.93	38.71	RMB1.29

Note: As at the end of the reporting period, a total of 14,184,060 shares of the Company were transferred and completed registration due to exercise of options under 2018 A-Share Option Incentive Scheme of the Company, which caused the total share capital of the Company increased by 14,184,060 shares. The earnings per share and other indicators were calculated based on weighted number of issued ordinary shares.

CHAPTER 2 COMPANY INFORMATION AND MAJOR FINANCIAL INDICATORS – CONTINUED

(II) Assets and Liabilities

	As at 30 June		As at
	2021	2020	31 December
	(RMB'000)	(RMB'000)	(RMB'000)
	(unaudited)	(unaudited)	(audited)
Current assets	69,219,987	67,531,906	57,552,825
Current liabilities	103,825,290	78,686,925	102,576,222
Total assets	283,133,249	219,702,959	273,009,258
Equity attributable to shareholders of the Company	59,269,350	55,496,738	57,894,751
Net assets value per share	RMB12.16	RMB11.32	RMB11.91
Return on net assets (%)	10.59	8.20	10.91

(III) Summary of Cash Flow Statement

	For the six months ended 30 June			For the year
	2021	2020	Changes as compared with the corresponding period of the previous year (%)	ended 31 December
	(RMB'000)	(RMB'000)		(RMB'000)
	(unaudited)	(unaudited)		(audited)
Net cash flow from operating activities	5,268,317	5,884,727	-10.47	6,958,798
Net increase (decrease) in cash and cash equivalents	4,718,003	-4,572,196	–	-5,462,167
Net cash flow per share from operating activities	RMB1.08	RMB1.20	-10.00	RMB1.43

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

(I) Main Business and Business Model

1. *Coal business*

As one of the main coal producers, sellers and coal traders in China and Australia, the main products of the Group include thermal coal and PCI coal, coking 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 Japan, South Korea, Singapore, Australia and other countries.

2. *Coal chemicals business*

The Group's coal chemical business is mainly distributed in Shandong Province, Shaanxi Province and Inner Mongolia Autonomous Region. The main products include methanol, ethylene glycol, acetic acid, acetic ether, crude liquid wax, which are mostly sold to North China, East China and Northwest China.

(II) Market Presence

The Group is an international large-scale energy enterprise integrating foundational industry of coal production and operation with coal deep processing and comprehensive utilization. It is the largest coal producer in East China, as well as the leading thermal coal enterprise in China. Yancoal Australia, a subsidiary of the Company, is the largest sole coal producer in Australia. The Group also owns several complete coal chemical industry chains such as coal gasification and coal liquefaction, the largest mono coal liquefaction unit of China, and is the only enterprise owning both low-temperature FT synthesis and high-temperature FT synthesis technology, with annual production capacity of acetic acid ranking top 3 in the industry.

(III) Industry Situation

In the first half of 2021, the coal industry has further implemented the supply side reform and given priority to the industry transformational upgrading. As a result, progress has been achieved in safe, efficient and intelligent coal mining and clean, efficient and intensified utilization of coal; meanwhile, coal supply guarantee capability and the synergy between the upstream and the downstream have been greatly improved. Due to steady increase of downstream demand, strengthened safety and environment protection constraints, tightened coal import policy, coal supply and demand maintains tight balance, with coal price fluctuating at the medium-high level. Thanks to the macro economy recovery and strong market demand, the prices of chemical products continue to rise and the profitability increased remarkably.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

II. CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

In the first half of year 2021, the Group has seized policies and opportunities for quality development, such as the supply side reform and replacing the old growth drivers with new ones, continuously optimized industrial structure and regional layout, fully released incremental value generation potentials, further implemented lean management, expedited system and mechanism reform and innovation. As a result, the core competitiveness, value-generating and sustainability of the Company have been fully improved. The Company has realized stable safety production, released incremental capacity in an orderly way, and promoted intelligent mine construction. The three major bases, namely Shandong, Shaanxi and Inner Mongolia area, Australia, have gained strong momentum in efficient synergy development. A number of large-scale industrial chains of coal chemical industry have been established, and a complete industrial chain development pattern involving multi-level products has been formed, which has become one of the profit-generating sectors of the Company. The Company has implemented strategy of “clean coal+tailored coal”, steadily increased the proportion of high value-added products, and continuously improved the bargaining power in market and regional competitiveness. The Company has continuously optimized coal transportation structure, with a batch of newly-established storage, loading, transportation projects to fully expand the transportation channels. Five coal mines have been selected as national first batch of demonstration mines in term of intelligent mining, the domestic advanced and world-class intelligent mine construction has achieved initial results. The start-up of urban green heart project composing of “fishing, foresting and farming and schooling” was awarded as “the first national demonstration project integrating land pre-treatment with industry development in the subsidence area of thick coal seam mining”, which created the “Yanzhou Coal model” of green and ecological mine construction.

III. MANAGEMENT DISCUSSION AND ANALYSIS

Main Business

Item	Six months ended 30 June 2021	Six months ended 30 June 2020	Increase/ Decrease	Increase/ Decrease (%)
1. Coal Business (kiloton)				
Saleable coal production volume	50,969	50,108	862	1.72
Saleable coal sales volume	50,914	67,620	-16,706	-24.71
2. Coal Chemicals Business(kiloton)				
Production volume of Chemical products	3,022	935	2,087	223.16
Sales volume of chemical products	2,687	934	1,753	187.80
3. Power Generation Business (10,000KWh)				
Electricity generated	360,284	141,701	218,582	154.26
Electricity sold	301,241	89,437	211,804	236.82

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

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

Not applicable.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

IV. MAIN BUSINESS DURING THE REPORTING PERIOD

(I) The Operation of Business Segments

1. Coal Business

(1) Coal Production

Part of the Group's coal mine production has been affected due to continuous enhancement and hard pressure in safety supervision as well as environmental protection.

During the first half of 2021, the Group produced 50.97 million tons of salable coal, representing an increase of 0.86 million tons or 1.7% as compared with the corresponding period of last year.

The following table sets out the salable coal production volume of the Group for the first half of 2021:

Unit: kiloton

Item	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Increase/ Decrease	Increase/ Decrease (%)
The Company	12,013	15,731	-3,718	-23.64
Heze Neng Hua ^①	1,181	1,596	-415	-26.01
Shanxi Neng Hua	631	750	-119	-15.87
Future Energy ^②	8,456	–	8,456	–
Ordos Neng Hua	6,418	7,441	-1,023	-13.75
Haosheng Company ^③	1,748	3,477	-1,728	-49.71
Inner Mongolia Mining ^④	519	–	519	–
Yancoal Australia	17,512	18,428	-916	-4.97
Yancoal International	2,492	2,686	-194	-7.22
Total	50,969	50,108	862	1.72

Note:

- ① The salable coal production of Heze Neng Hua decreased as compared with that of the corresponding period of the previous year, which is mainly because the production during the reporting period decreased due to the constraints by safety and environmental protection policies.
- ② The Group acquired 49.315% equity interests and became the controlling shareholder of Future Energy in 2020. Therefore, the Group consolidated the operating data of coal, coal chemical and power generation business of Future Energy during the reporting period.
- ③ The salable coal production of Haosheng Company decreased as compared with that of the corresponding period of the previous year, which is mainly because the production during the reporting period decreased due to the constraints by safety and environmental protection policies.
- ④ The Group acquired 51% equity interests of Inner Mongolia Mining in 2020 so it consolidated the operating data of the power business of Inner Mongolia Mining during the reporting period. At the same time, Inner Mongolia Mining acquired 57.75% equity interests of Yingpanhao Coal Company Limited of Ordos Neng Hua so the operating data of Yingpanhao Coal Mine for the first half of 2021 was listed under Inner Mongolia Mining.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(2) Coal prices and sales

The sales volume of coal for the first half of 2021 was 50.91 million tons, representing a decrease of 16.71 million tons or 24.7% as compared with the corresponding period of the previous year. Among them, the sales volume of the self-produced coal was 44.89 million tons, representing 40.8% over the sales plan of self-produced coal for year 2021.

The sales income of the Group for the first half of 2021 was RMB30.954 billion, representing a decrease of RMB2.543 billion or 7.6% 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 2021:

	For the six months ended 30 June 2021				For the six months ended 30 June 2020			
	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	12,013	10,571	695.75	7,355	15,731	15,847	525.78	8,332
No.1 clean coal	388	389	893.95	348	389	413	777.94	321
No.2 clean coal	3,877	3,518	953.55	3,355	4,174	4,375	701.26	3,068
No.3 clean coal	1,718	1,539	815.68	1,255	1,781	1,809	537.24	972
Lump coal	10	8	771.65	7	1,137	1,271	585.45	744
Sub-total of clean coal	5,993	5,454	910.12	4,964	7,482	7,869	648.86	5,106
Screened raw coal	6,020	5,116	467.23	2,391	8,250	7,978	404.38	3,226
2. Heze Neng Hua	1,181	777	1,177.72	915	1,596	1,588	878.70	1,395
No.2 clean coal	1,000	777	1,177.72	915	1,230	1,355	969.73	1,314
Screened raw coal	180	-	-	-	366	233	349.98	81
3. Shanxi Neng Hua	631	627	388.65	244	750	734	280.91	206
Screened raw coal	631	627	388.65	244	750	734	280.91	206
4. Future Energy	8,456	6,538	533.97	3,491	-	-	-	-
No.3 clean coal	1,072	1,079	552.90	597	-	-	-	-
Lump coal	2,077	2,074	546.94	1,134	-	-	-	-
Screened raw coal	5,307	3,385	519.98	1,760	-	-	-	-
5. Ordos Neng Hua	6,418	4,443	407.90	1,812	7,441	6,164	228.31	1,407
Screened raw coal	6,418	4,443	407.90	1,812	7,441	6,164	228.31	1,407
6. Haosheng Company	1,748	1,910	489.46	935	3,477	3,481	278.81	971
Screened raw coal	1,748	1,910	489.46	935	3,477	3,481	278.81	971
7. Inner Mongolia Mining	519	537	376.04	202	-	-	-	-
Screened raw coal	519	537	376.04	202	-	-	-	-
8. Yancoal Australia	17,512	17,100	470.59	8,047	18,428	17,748	464.78	8,249
Semi-hard coking coal	61	60	629.22	38	88	85	752.67	64
Semi-soft coking coal	1,360	1,335	575.63	768	757	729	675.56	492
PCI coal	1,294	1,270	623.57	792	1,092	1,051	703.12	739
Thermal coal	14,797	14,435	446.76	6,449	16,492	15,883	437.80	6,954

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

	For the six months ended 30 June 2021				For the six months ended 30 June 2020			
	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)
9. Yancoal International	2,492	2,389	415.07	992	2,686	2,663	359.68	958
Thermal coal	2,492	2,389	415.07	992	2,686	2,663	359.68	958
10. Traded coal	-	6,021	1,156.16	6,962	-	19,396	617.64	11,980
Total of the Group	50,969	50,914	607.97	30,954	50,108	67,620	495.38	33,498

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

	Impact of Changes on the Sales Volume of Coal (RMB million)	Impact of Changes on the Sales Price of Coal (RMB million)
The Company	-2,774	1,797
Heze Neng Hua	-712	232
Shanxi Neng Hua	-30	68
Future Energy	3,491	-
Ordos Neng Hua	-393	798
Haosheng Company	-438	402
Inner Mongolia Mining	202	-
Yancoal Australia	-301	99
Yancoal International	-98	132
Traded Coal	-8,261	3,243

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

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 2021:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	Sales Volume (kiloton)	Sales Income (RMB million)	Sales Volume (kiloton)	Sales Income (RMB million)
1. China	33,702	23,268	50,659	25,642
East China	18,036	14,142	24,808	14,906
South China	710	340	9,363	3,843
North China	8,715	5,129	7,143	3,668
Northwest China	4,428	2,221	6,242	1,656
Other regions	1,813	1,435	3,103	1,569
2. Japan	4,185	2,293	3,878	2,045
3. South Korea	2,255	1,131	2,011	1,062
4. Singapore	3,941	1,182	4,588	1,702
5. Australia	3,387	1,440	3,745	1,498
6. Others	3,443	1,641	2,739	1,549
7. Total for the Group	50,914	30,954	67,620	33,498

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

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The following table sets out the Group's coal sales volume by industries for the first half of 2021:

	For the six months ended 30 June 2021		For the six months ended 30 June 2020	
	Sales Volume (kiloton)	Sales Income (RMB million)	Sales Volume (kiloton)	Sales Income (RMB million)
1. Power	19,947	9,401	25,126	10,676
2. Metallurgy	4,398	4,073	3,116	2,709
3. Chemical	3,887	2,417	4,381	2,505
4. Trade	22,543	14,988	32,353	16,255
5. Others	138	74	2,644	1,353
6. Total for the Group	50,914	30,954	67,620	33,498

(3) The Cost of Coal Sales

The Group's cost of coal sales for the first half of 2021 was RMB19.920 billion, representing a decrease of RMB4.608 billion or 18.8% over the corresponding period in 2020. The following table sets out the main sales cost of coal by business entities:

		Unit	For the six months ended 30 June 2021	For the six months ended 30 June 2020	Increase/ Decrease	Increase/ Decrease (%)
The Company	Total sales cost	RMB million	3,803	4,223	-420	-9.94
	Sales cost per ton	RMB/ton	343.60	265.94	77.65	29.20
Heze Neng Hua	Total sales cost	RMB million	481	777	-296	-38.07
	Sales cost per ton	RMB/ton	539.22	451.29	87.92	19.48
Shanxi Neng Hua	Total sales cost	RMB million	209	148	61	41.37
	Sales cost per ton	RMB/ton	333.20	201.44	131.76	65.41
Future Energy	Total sales cost	RMB million	1,497	–	1,497	–
	Sales cost per ton	RMB/ton	194.19	–	194.19	–
Ordos Neng Hua	Total sales cost	RMB million	853	1,058	-204	-19.32
	Sales cost per ton	RMB/ton	192.06	171.59	20.47	11.93
Haosheng Company	Total sales cost	RMB million	747	650	97	14.90
	Sales cost per ton	RMB/ton	391.04	186.78	204.26	109.36
Inner Mongolia Mining	Total sales cost	RMB million	308	–	308	–
	Sales cost per ton	RMB/ton	573.19	–	573.19	–
Yancoal Australia	Total sales cost	RMB million	5,863	5,479	385	7.02
	Sales cost per ton	RMB/ton	341.14	308.70	32.44	10.51
Yancoal International	Total sales cost	RMB million	644	709	-65	-9.17
	Sales cost per ton	RMB/ton	269.55	266.27	3.28	1.23
Traded Coal	Total sales cost	RMB million	6,433	11,634	-5,201	-44.70
	Sales cost per ton	RMB/ton	1,068.39	599.81	468.58	78.12

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

The changes of sales cost per ton of coal of the Company are mainly due to: ①The decrease of the sales volume of saleable coal as compared with that of the corresponding period of the previous year caused an increase of RMB67.92 in the sales cost per ton; ②the sales price of coal products increased caused an increase of RMB11.62 in coal's business tax and surcharges per ton as compared with that of the corresponding period of the previous year. ③Reduction of heating supply and power expenditures caused a decrease of RMB6.60 in the sales cost per ton.

The changes of sales cost of Shanxi Neng Hua are mainly because that ①The decrease of sales volume of saleable coal as compared with that of the corresponding period of the previous year caused an increase of RMB48.43 in sales cost of coal per ton; ②The increase of input in intellectualized transformation of coal mines and safety operation caused an increase of RMB77.03 in sales cost of coal per ton.

The changes of sales cost of Haosheng Company are mainly because that ①the decrease of the sales volume of the saleable coal caused an increase of RMBRMB92.67 in the sales cost of coal per ton. ②The increase of input in intellectualized transformation of coal mines and safety operation caused an increase of RMB63.76 in sales cost of coal per ton. ③the increase of sales price of coal products caused an increase of RMB25.53 in coal's business tax and surcharges per ton as compared with that of the corresponding period of the previous year.

The changes of the sales cost of coal per ton of traded coal are mainly due to that the market price increased significantly as compared with that of the corresponding period of the previous year.

2. Coal Chemicals Business

The following tables set out the Group's coal chemicals business for the first half of 2021:

	For the six months ended				For the six months ended			
	30 June 2021				30 June 2020			
	Production	Sales	Sales	Sales cost	Production	Sales	Sales	Sales cost
	volume	volume	income		volume	volume	income	
	(kiloton)	(kiloton)	(RMB million)	(RMB million)	(kiloton)	(kiloton)	(RMB million)	(RMB million)
1. Lunan Chemicals ^①	1,065	874	5,639	3,387	-	-	-	-
of which: acetic acid	551	370	2,043	848	-	-	-	-
acetic ether	213	211	1,585	1,210	-	-	-	-
2. Future Energy	456	414	1,626	1,265	-	-	-	-
of which: crude liquid wax	224	212	891	583	-	-	-	-
3. Yulin Neng Hua	378	353	615	488	387	381	497	404
of which: methanol	378	353	615	488	387	381	497	404
4. Ordos Neng Hua ^②	1,117	1,039	2,205	1,279	548	553	719	452
of which: methanol	956	885	1,550	944	548	553	719	452
ethylene glycol	161	154	655	336	-	-	-	-
5. Fine chemicals ^③	6	6	11	7	-	-	-	-
Total	3,022	2,687	10,095	6,425	935	934	1,216	856

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

- Note: ① The Group acquired 100% equity interests of Lunan Chemicals in 2020 so it consolidated the relevant operating data of chemical industry and power business of Lunan Chemicals during the reporting period.
- ② During the reporting period, the production volume, sales volume, sales income and cost of chemical products produced by Ordos Neng Hua increased as compared with that of the corresponding period of the previous year. The main reasons are the coal chemical phase II project has been completed construction and put into operation so the production of methanol and ethylene glycol increased; and the rising price of chemical products and raw materials.
- ③ “Fine Chemicals” refer to Yankuang Yulin Fine Chemicals Co., Ltd., of which the Group acquired 100% equity interests in 2020. Therefore, the Group consolidated the operating data of the chemical industry of Fine Chemicals during the reporting period.

3. Power Generation Business

The following tables set out the operation of the Group's power business for the first half of 2021:

	For the six months ended 30 June 2021				For the six months ended 30 June 2020			
	Power		Sales		Power		Sales income	Sales cost
	generated	Power sold	income	Sales cost	generated	Power sold		
(10000KWh)	(10000KWh)	(RMB million)	(RMB million)	(10000KWh)	(10000KWh)	(RMB million)	(RMB million)	
1. HuaJu Energy ^①	-	-	-	-	41,288	14,478	59	52
2. Jining No.3 Power Plant ^②	53,277	53,277	181	141	-	-	-	-
3. Heze Neng Hua	70,842	61,124	215	194	83,772	74,211	261	182
4. Lunan Chemicals	13,869	4,938	27	25	-	-	-	-
5. Yulin Neng Hua ^③	13,804	8,439	21	21	16,642	748	1	3
6. Future Energy	57,910	22,880	66	73	-	-	-	-
7. Inner Mongolia Mining	150,582	150,582	408	409	-	-	-	-
Total	360,284	301,241	918	862	141,701	89,437	322	236

- Note: ① Due to closure of power plant, Hua Ju Energy did not have any figures of power generation, sales volume of power, sales income and sales cost for the first half of 2021.
- ② Jining No.3 Power Plant refers to Shandong Yankuang Jining No.3 Power Co., Ltd. The Group acquired 99% equity interests of Jining No.3 Power Plant in 2020 and then consolidated the relevant operating data of Jining No.3 Power Plant during the reporting period.
- ③ During the reporting period, the sales volume, sales income and cost of power generated by Yulin Neng Hua increased significantly, which is mainly due to the increase in external sales volume of power as compared with that of the corresponding period of the previous year.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(II) Analysis of Main Business

1. Analysis on changes of items in the financial statements

Unit: RMB million

Items	For the six months ended 30 June 2021 (RMB million)	For the six months ended 30 June 2020 (RMB million)	Increase/ Decrease (%)
Selling, general and administrative expenditure	4,946	3,840	28.81
Results of associated enterprises attributable to the Company	1,050	793	32.36
Income from other businesses	1,368	4,794	-71.47
Financing cost	2,384	1,405	69.66
Net outflow of cash from investment activities	13,849	5,957	132.47
Net cash from financing activities	13,298	-4,500	-

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

Explanations on reasons for changes in selling, general and administrative expenditures: ①The merge of controlling subsidiaries during the reporting period caused the increase of selling, general and administrative expenditure as compared with the corresponding period of the previous year. ②Yingpanhao Coal Mine recognized a lost of RMB280 million due to production shutdown during the reporting period. ③The improvement of the Group's business caused the increase of the total remuneration by RMB138 million as compared with the corresponding period of last year. ④ The Group would not recognize interest income receivable from loans to Watagon Mining during the reporting period as the Group has re-consolidated its financial statements in 2020. Therefore, the interest income of Yancoal Australia decreased by RMB226 million as compared with the corresponding period of the previous year.

Explanations on reasons for changes in results of associated enterprises attributable to the Company: An income from investment of RMB538 million was recognized from Inner Mongolia Jilian Aluminum Co., Ltd during the reporting period.

Explanation on reasons for changes in income from other businesses: During the corresponding period of the previous year, the Group acquired 10% equity interests of Moolarben and became the controlling holder of Moolarben, for which the Group recognized an one-off income from other business of RMB3.183 billion based on the results of fair-value appraisal.

Explanation on reasons for changes in financing cost: ①The increase of interest-bearing liabilities resulted in the increase of interest expense by RMB861 million as compared with the corresponding period of last year. ②The decrease of average financing cost resulted in the decrease of interest expense by RMB131 million.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

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

Analysis on changes of net cash outflow from investment activities: The Group paid a consideration of RMB8.007 billion for acquisition of controlling shareholder's assets during the reporting period.

Analysis on changes of net cash flow from financing activities: ① The Company issued corporate bonds of RMB4 billion during the reporting period. ②Yankuang Finance Company provided financial services such as deposit and loans to other units excluding the Group during the reporting period, resulting in an increase of RMB7.059 billion in net cash inflow from financing activities. ③The expenditure for repayment of loan decreased by RMB7.580 billion as compared with that of the corresponding period of the previous year.

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

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

Due to the soaring price of chemical products, the results of coal chemical business of the Company improved significantly. For the first half of 2021, the gross profit of coal chemicals business is RMB3.802 billion, representing 26.4% of the gross profit from main activities of the Company; while that of the corresponding period of the previous year representing 4.9% of the gross profit from main activities of the Company. Among them, the operating revenue of Lunan Chemicals was RMB6.057 billion, increased by 132.7% as compared with that of the previous corresponding period; its net profit was RMB1.962 billion, while that of the previous corresponding period recorded a loss of RMB57 million.

3. *Source and use of fund*

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

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

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

The Group obtained control of the Moolarben Coal Joint Venture through the acquisition of 10% of its equity interests and recognized a one-off other business income of RMB3.183 billion according to evaluation result of fair value at the same period of last year.

(IV) Analysis on Assets and Liabilities

1. Assets and liabilities

Unit: RMB million

Items	Closing amount as at 30 June 2021	Percentage to the total assets as at 30 June 2021 (%)	Closing amount as at 30 June 2020	Percentage to the total assets as at 30 June 2020 (%)	Percentage of increase/decrease in closing amount (%)	Notes
Cash at bank and on hand	22,208	7.84	17,116	6.27	29.74	Cash inflow from operating and financing activities resulted in the increase of balance of cash at bank and on hand.
Restricted cash	4,769	1.68	6,416	2.35	-25.67	① Bills and credit deposit of Qingdao Vast Lucky International Trade Co., Ltd. decreased by RMB774 million. ② Bills and credit deposit of Future Energy de-created by RMB447 million. ③ Lunan Chemicals redeemed pledged fixed term deposit of RMB800 million.
Notes and accounts receivable	9,296	3.28	7,291	2.67	27.49	① Notes and accounts receivables of Yancoal Australia and Yancoal International increased by RMB740 million. ② Notes and accounts re-ceived of Lunan Chemicals increased by RMB680 million. ③ Notes and accounts re-ceived of Donghua Heavy Industry in-creased by RMB456 million.
Long-term receivable due within one year	3,235	1.14	1,764	0.65	83.42	Yankuang Finance Company provided a long-term loan of RMB2 billion to the controlling shareholder.
Prepayment and other receivables	21,008	7.42	16,685	6.11	25.91	① Prepayment to sup-plies increased by RMB1.607 billion. ② Accounts receivables of Yankuang Finance Company increased by RMB3.23 billion.
Right of use assets	7,452	2.63	5,365	1.97	38.89	Yulin Neng Hua and Ordos Neng Hua newly obtained financing lease asset of RMB2.037 billion.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

Items	Closing amount as at 30 June 2021	Percentage to the total assets as at 30 June 2021 (%)	Closing amount as at 30 June 2020	Percentage to the total assets as at 30 June 2020 (%)	Percentage of increase/decrease in closing amount (%)	Notes
Non-current assets, Lease liabilities	3,726	1.32	1,634	0.60	128.00	Financing lease payable of Yulin Neng Hua and Ordos Neng Hua increased by RMB2.037 billion.

2. Overseas asset

(1) Size of asset

(Prepared under CASs)

As at 30 June 2021, the Group's overseas asset is RMB68.402 billion, representing 25.4% over the total asset.

(2) Elaboration on overseas asset

Since 2004, the Group has established investment management platforms including Yancoal Australia and Yancoal International through acquisition of overseas assets or equity interests, incorporation of overseas companies, merger by means of stock swap and other means. For details of operation of Yancoal Australia and Yancoal International, please refer to relevant content herein this chapter.

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

(Prepared under CASs)

As at 30 June 2021, the Group's asset subject to restriction was RMB66.876 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.

4. Other information

(1) Debt to equity ratio

As at 30 June 2021, the equity attributable to the shareholders of the Company and the borrowings amounted to RMB93.434 billion and RMB102.329 billion respectively, representing a debt-to-equity ratio of 109.5%. For detailed information on interest-bearing liabilities, please refer to the Note "Borrowings" to the financial statements prepared under the IFRS.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(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.

(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

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 special right of return of Middlemount Coal Mine and equity investment. The initial investment was RMB1.935 billion and the balance as at the end of the reporting period was RMB1.573 billion. The financial liabilities measured at fair value and recorded in current profit and loss mainly were interest rate swap agreements, the initial investment was RMB1.477 billion and the balance as at the end of the reporting period was RMB153 million.

As at the end of the reporting period, the Group’s financial assets measured at fair value and recorded in other comprehensive income mainly include equity instrument investment. The initial investment was RMB5.058 million, and the balance as at the end of the reporting period was RMB14.971 million.

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

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(VI) Disposal of Material Assets and Equity

Note applicable.

(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 2021, the controlled companies having relative significant impacts on the net profit attributable to the shareholders of the listed company are as follows.

Unit: RMB million

Name of company	Registered capital	As at 30 June 2021		Net profit for the first half of 2021
		Total assets	Net assets	
Lunan Chemicals	5,041	12,913	7,874	1,962
Future Energy	5,400	21,676	13,363	2,146
Ordos Neng Hua	10,800	34,508	10,861	922
Yancoal Australia	AUD6.027 billion	52,784	25,357	-638

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.

The major controlled subsidiaries with significant fluctuations of operating results in the first half of 2021 are as follows:

Lunan Chemicals

For the first half of 2021, Lunan Chemicals achieved net profit of RMB1.962 billion with a net loss of RMB57 million at the same period of last year, which was mainly due to a significant increase of the price of main products.

Future Energy

For the first half of 2021, Future Energy achieved net profit of RMB2.146 billion with a net profit of RMB947 million at the same period of last year, representing an increase of RMB1.199 billion or 126.6% on a year-on-year basis, which was mainly due to a rocketed increase of the coal price.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

Yancoal Australia

For the first half of 2021, Yancoal Australia's net loss was RMB638 million, while the net profit of the first half of 2020 was RMB3.646 billion, representing a decrease of RMB4.284 billion or 117.5% as compared with that of the same period of last year, which was mainly due to the fact that Yancoal Australia gained a one-off income from the purchase of the 10% equity interest of Moolarben Coal Joint Venture during the corresponding period of last year.

For more information on the operations of Lunan Chemicals, Future Energy and Yancoal Australia, 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.

3. The operation of Yankuang Finance Company

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

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

Unit: RMB million

	The closing amount of the reporting period	The opening amount of the reporting period	Increase/ decrease (%)
Bank deposit	22,601	21,273	6.25
Bank loan	14,542	14,026	3.68

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(2) The main operating indicators of Yankuang Finance Company

Unit: RMB million

Major operational indicator	The amount of the reporting period	The amount of the same period of the previous year	Increase/decrease (%)
Operating revenue	378	283	33.56
Net profit	175	118	48.63

	The closing amount of the reporting period	The opening amount of the reporting period	Increase/decrease (%)
Net asset	3,528	3,354	5.21
Total asset	26,655	25,513	4.48

(VIII) Entities Controlled by the Company

Not applicable.

V. DISCLOSURE ON OTHER EVENTS

(Financial data herein this chapter is prepared under CASs)

(I) Possible Risks

Risks arising from safety management

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

Countermeasures:

Improve the safety management and control system; implement the system featuring tiered management and control responsibilities; promote professional and coordinated management covering relevant places. Give priority to the management of major disasters as the focus of security control; conduct targeted and tailor-made management of “one coal mine with one particular policy and one workface with one special policy”. Devise a new path in the integration of intelligent technology, digital advancement and modernization. Realize the intelligent upgrading of production systems such as coal mining and roadway heading. Enhance inspections and accountability for better safety. Intensify the investigation and asking for accountability for various types of serious dereliction of duty.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

Environmental protection risks

As the project of “carbon peaking and carbon neutrality” is afoot, the national environmental protection policy is becoming more and more stringent, and the social awareness is also growing on environmental protection, which brings stricter constraints to the Group.

Countermeasures:

The Group will carry out the action plan for “carbon peaking and carbon neutrality” to make the development of the coal industry safer, greener, more intelligent and efficient, to ensure that coal is utilized in a clean and highly efficient manner. In accordance with the principle of prevention at the very beginning, in-process control, and end treatment, the Group will strictly abide by environmental protection laws and regulations and promote the upgrading of facilities for cleaner production, so that the impact of production on the environment would be minimized.

Exchange rate risks

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

Countermeasures:

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

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

(II) Other Disclosure

1. Capital Expenditure Plan

The capital expenditure for the first half of 2021 and the capital expenditure plan of 2021 of the Group (grouped by entity) are set out in the following table:

Unit: RMB0'000

	For the first half of 2021	For the year 2021 (planned)
The Company	18,486	373,156
Ordos Neng Hua	9,565	122,984
Yulin Neng Hua	9,703	42,930
Heze Neng Hua	25,982	125,974
Haosheng Company	5,903	45,522
Donghua Heavy Industry	0	4,218
Shanxi Neng Hua	0	7,409
Future Energy	3,871	168,938
Lunan Chemicals	121,500	183,239
Yancoal Australia	67,438	226,962
Yancoal International	43,601	73,516
Inner Mongolia Mining	0	2,000
Other subsidiaries	100	3,329
Total	306,149	1,380,177

The capital expenditure for the first half of 2021 and the capital expenditure plan of 2021 of the Group (grouped by the usage of fund) are set out in the following table:

Unit: RMB0'000

	For the first half of year 2021	For the year 2021 (planned)
Infrastructure Project	232,508	600,368
Coal mine infrastructure	96,218	224,862
Infrastructure for chemical projects	132,378	253,586
Infrastructure for logistics and warehouse	3,913	112,430
Other infrastructures	0	9,490
Maintenance of simple reproduction	25,487	527,095
Safety production plan expenditure	8,545	99,371
Technology revamp plan	39,609	153,343
Total	306,149	1,380,177

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

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

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

For the first half of 2021, the Group's coal exploration expenditure was RMB9.3216 million, mainly including exploration expenditure of Yancoal Australia's Moolarben coal mine according to annual exploration plan; while the relevant capital expenditure for coal development and mining was about RMB1,477 million, mainly including fixed assets expenditure of existing coal mines, as well as the development and mining expenditure by Wanfu coal mine, Yancoal Australia and Yancoal International.

3. *Operation strategy of the second half of 2021*

Looking forward to the second half of 2021, the macro economy is expected to maintain steady recovery with quite a lot of uncertainties. Coal industry will face rather big impact from in-depth transformation of development model and industrial structure, as well as the strengthened environmental protection supervision and regulation constraints. In the second half of 2021, the Group will seize new opportunities, take new actions, continue to optimize the industrial structure, accelerate transformation and upgrading, release incremental potentials, deepen reform and innovation, and strive to achieve industrial upgrading, development and growth, and efficiency improvement.

- I. **Continue to strengthen and optimize our pillar industries.** We will promote the accumulation of resources in advantageous regions and core business sectors, and enhance the Company's competitive advantages. Speed up the pace in transformation and upgrading of **coal industry** and build a number of demonstration coal mines which are safe, green, intelligent and efficient so as to promote the transformation from scale-oriented to quality-oriented development. Practice safe and economic mining at our Headquarter mines by optimizing mining area planning, improving resources distribution and utilization efficiency and ensuring fine mining. Spare no efforts to complete approving procedures and resources integration in Shaanxi and Inner Mongolia base, so as to release advanced production capacity and build it into a cluster of safe, efficient and demonstrating coal mines. The **coal chemical industry** will fully tap its advantages in production scale and complete industrial chain to increase the production capacity and improve the quality and efficiency, improve techniques and reduce cost, so as to maximize profit and production efficiency.
- II. **Furthur implement lean management and promote quality and efficiency.** Lean management shall be applied in all management levels to promote all-round cost reduction and efficiency enhancement, improve efficiency by management and increase profit by innovation. **Adhere to the winning strategy of cost control** and view cost control as the lifeline for the survival and development of the Group. The cost control strategy shall fully implement reversal assessment of cost and profit, maximumly tap the potentialities in reducing cost and increasing profit. **Adopt strict budget control.** Fully implement overall budget management and benchmarking management so as to reduce budget, expenditure, liabilities and the funds appropriated by account receivables and inventory. The Company will make full use of domestic and foreign capital markets, expand diversified, low cost and stable financing channels, so as to continuously optimize its debt structure. **Focus on management to increase efficiency.** Stick to concept of efficiency first and devote capitals, human resources and materials to the key profit-making units. Speed up liquidating non-core business assets, and dispose of inefficient and ineffective assets based on classifications so as to revitalize the Group's assets and make profits.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

- III. **Fully explore market demand.** Seize favorable opportunities, tap market potential, and continuously optimize product structure, in a bid to maximize efficiency and profit through marketing and increasing added value. **Optimize market layout.** The Company will expand sales channels, seize breakdown and potential markets and direct product to concentrate on regions of higher market price in an active and swift way. The Company will move faster to complete the coal storage and transportation system, so as to realize all-round optimization on the marketing network. **Ameliorate product structures.** The Company will stick to clean-coal strategy, fully practice upgrading and transformation of coal products and increase added value. As to chemical products, the Company will adopt flexible production by “one chemical production line with diversified products”. Expand production of high-end, refined, consumer-end and high added-value products so as to improve product value. **Improve customer services.** With customer needs in mind, the Company shall strive to roll out differentiated, specialized and customized services complemented by holistic solutions, and the Company is dedicated to seizing, control and even leading the markets by means of high-quality services.
- IV. **Give priority to value and integrate creation with development.** The Company will continue to run enterprises in according with the law and operation standards so that the operation of the listed company turns more standardized. It is also critical to resolutely organize production in accordance with laws and regulations, comprehensively improve work-safety governance, and at the same time make our facilities fundamentally safe. Dynamic management of market capitalization will be carried out by flexibly using capital operation methods, so as to fully unlock the spillover effect and wealth aggregation effect of the Company’s brand. The Company will accelerate the establishment of an industrial internet platform for the coal industry and devise the 5G+ smart mining solutions, so as to strengthen coal industry internet. Great efforts shall be made to achieve breakthroughs in core technologies related to smart coal mine, alongside our anticipation to build a new pattern featuring in-depth integration between the digital economy and the coal economy. The Company will expedite its transformation to green and low carbon development. While a quality action plan under “Carbon Peak and Carbon Neutrality” is being prepared meticulously, the Company is dedicated to establishing itself as a new benchmarking enterprise in term of green and low-carbon development among the coal industry.

CHAPTER 3 MANAGEMENT DISCUSSION & ANALYSIS – CONTINUED

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 RMB352 million during the reporting period.

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

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

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

5. *Taxation*

For the first half of 2021, 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.

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.

I. INFORMATION ON GENERAL MEETINGS OF SHAREHOLDERS

Session of meeting	Date of meeting	Query index of the designated websites for publishing resolutions	Date of disclosure of resolutions	Resolutions
The 2021 First Extraordinary General Meeting of Shareholders	5 February 2021	The website of Shanghai Stock Exchange	5 February 2021	All proposals approved
The 2020 Annual General Meeting of Shareholders	18 June 2021	(http://www.sse.com.cn)	18 June 2021	All proposals approved
The 2021 First Class Meeting of the Holders of A Shares	18 June 2021	The website of Hong Kong Stock Exchange	18 June 2021	All proposals approved
		(http://www.hkexnews.hk)		
The 2021 First Class Meeting of the Holders of H Shares	18 June 2021	The Company's website	18 June 2021	All proposals approved
		(http://www.yanzhoucoal.com.cn)		
The 2021 Second Extraordinary General Meeting of Shareholders	20 August 2021		20 August 2021	All proposals approved

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

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

Not Applicable.

The Explanation on Shareholders General Meeting

Not Applicable.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

(I) Changes of Positions in the Company

Name	Title	Changes
Li Wei	Director, Chairman	Elected
Xiao Yaomeng	Director	Elected
	General Manager	Appointed
Zhu Qingrui	Director	Elected
Huang Xiaolong	Director	Elected
	Board Secretary	Appointed
Zhou Hong	Chairman of the Supervisory Committee	Elected
Li Shipeng	Vice Chairman of the Supervisory Committee	Elected
Zhu Hao	Supervisors	Elected
Zhang Yanwei	Vice General Manger	Appointed
Li Xiyong	Chairman	Resigned
Wu Xiangqian	Director	Resigned
He Jing	Director	Resigned
	Vice General Manager	Resigned
Gu Shisheng	Chairman of the Supervisory Committee	Resigned
Zhou Hong	Vice Chairman of the Supervisory Committee	Resigned
Liu Jian	General Manager	Resigned
Xiao Yaomeng	Vice General Manager	Resigned
Wang Peng	Vice General Manager	Resigned
Li Wei	Vice General Manager	Resigned
Jin Qingbin	Board Secretary	Resigned

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

Elaboration on changes on Directors, Supervisors and the Senior Management

1. Changes of Board member

As reviewed and approved at the 2021 Second Extraordinary General Meeting of Shareholders convened on 20 August 2021, Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Zhu Qingrui and Mr. Huang Xiaolong were elected as non-employee representative Directors of the Company, with term of office from the closing date of the 2021 Second Extraordinary General Meeting of Shareholders till the concluding date of the general meeting of shareholders where the ninth session of board directors is elected.

On 20 August 2021, the Board received the resignation reports of Mr. Wu Xiangqian and Mr. He Jing, and Mr. Wu Xiangqian and Mr. He Jing no longer served as the Directors of the Company effective on the same date.

Approved at the 14th meeting of the 8th session of the Board on 20 August 2021, Mr. Li Wei was selected as the chairman of the 8th session of the Board of the Company.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

2. Changes of members of Supervisory Committee

As reviewed and approved at the 2021 Second Extraordinary General Meeting of Shareholders convened on 20 August 2021, Mr. Zhu Hao was elected as the eighth session of the non-employee representative Supervisor, with term of office from the closing date of the 2021 Second Extraordinary General Meeting of Shareholders till the concluding date of the general meeting of shareholders where the ninth session of the non-employee representative Supervisor is elected.

On 20 August 2021, the Supervisory Committee received the resignation report of Mr. Gu Shisheng, the Supervisor and the Chairman of the Supervisory Committee of the Company. Gu Shisheng resigned due to work arrangement and no longer served as the Supervisor and the Chairman of the Supervisory Committee of the Company effective on the same date.

As reviewed and approved at the eighth meeting of the eighth session of the Supervisory Committee convened on 20 August 2021, Mr. Zhou Hong was elected as the chairman of the eighth session of the Supervisory Committee of the Company and Mr. Li Shipeng was elected as the vice chairman of the eighth session of the Supervisory Committee of the Company.

3. Changes on Senior Management

As reviewed and approved at the thirteenth meeting of the eighth session of the Board convened on 30 July 2021, Mr. Xiao Yaomeng was appointed as the general manager of the Company, Mr. Zhang Yanwei was appointed as the vice general manager, and Mr. Huang Xiaolong was appointed as Board Secretary of the Company, with the term of office the same as other senior managements appointed by the eighth session of Board.

On 20 February 2021, the Board received the resignation report of Mr. Liu Jian, the Director and general manager of the Company. Mr. Liu Jian resigned as general manager due to work arrangements.

On 30 July 2021, the Board received resignations of Mr. Li Wei, the vice general manager of the Company, and Mr. Jin Qingbin, the Board Secretary of the Company. Mr. Li Wei and Mr. Jin Qingbin resigned the above-mentioned positions due to work arrangements.

On 9 August 2021, the Board received resignations of Mr. Wang Peng, the vice general manager of the Company. Mr. Wang Peng resigned the above-mentioned position due to work arrangements.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

(II) Changes on Positions in Subsidiaries of the Company

(Prepared in accordance with the Hong Kong Listing Rules)

Title in the Company	Name	Title before change	Title after change	Date of Changes
Vice General Manager	Zhang Chuanchang	Chairman and General Manager of Ordos Neng Hua	–	13 January 2021
		Chairman of Inner Mongolia Haosheng Company	–	13 January 2021
Board Secretary (resigned)	Jin Qingbin	Director of Duanxin Investment Holding (Shenzhen) Co., Ltd.	–	30 July 2021
		Director of Yancoal International (Holdings) Co., Ltd.	–	30 July 2021

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

Proposed Profit Distribution Scheme or Capital Reserve Transferred to Share Capital Scheme for the First Half of 2021

Whether distributed or transferred

No

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

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

Not applicable.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

General Information on Share Incentive

The first Share Incentive Scheme in 2018

Incentive method: share options

Source of underlying shares: Issuance of shares to incentive participants

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

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

As approved at the 2019 first extraordinary general meeting of shareholders, the 2019 first class meeting of holders of A share, the 2019 first class meeting of holders of H shares and the 23rd meeting of the seventh session of the Board on 19 February, 2019, the Company granted stock options to incentive participants in accordance with the 2018 A-share option incentive scheme (the "Share Option Scheme"). As considered and approved at the eighth meeting of the eighth session of the Board dated 13 January 2021, the Company confirms that the conditions for the first exercise period of the "Share Option Scheme" are mature, and the exercise period is from 18 February 2021 to 11 February 2022. As of the disclosure date of this report, details of option exercise are as follows:

Unit: 10,000 Shares

No.	Name	Title	Options granted	Options exercised during the reporting period	Closing price on the trading day before the date of exercising	Options canceled during the reporting period	Options not exercised as at 30 June 2021
1	Liu Jian	Director	26	8.58	9.52	0	17.42
2	Xiao Yaomeng	Director, Senior Executive	15	4.95	9.50	0	10.05
3	Zhao Qingchun	Director, Senior Executive	26	8.58	9.84	0	17.42
4	Wang Ruolin	Director	15	4.95	9.27	0	10.05
5	Gong Zhijie	Senior Executive	26	8.58	9.27	0	17.42
6	Wang Chunyao	Senior Executive	15	4.95	9.27	0	10.05
7	Tian Zhaohua	Senior Executive	15	4.95	9.84	0	10.05
8	Wu Xiangqian	Director (resigned)	32	10.56	9.27	0	21.44
9	He Jing	Director (resigned)	26	8.58	9.52	0	17.42

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

No.	Name	Title	Options granted	Options exercised during the reporting period	Closing price on the trading day before the date of exercising	Options canceled during the reporting period	Options not exercised as at 30 June 2021
10	Wang Peng	Senior Executive (resigned)	15	4.95	9.50	0	10.05
11	Li Wei	Senior Executive (resigned)	15	4.95	9.27	0	10.05
12	Jin Qingbin	Senior Executive (resigned)	26	8.58	9.27	0	17.42
	Others(457)		4,380	1,335.2460	9.27	329.9140	2,714.84
	Total(469)		4,632	1,418.4060	–	329.9140	2883.68

Note: From the end of the reporting period to the disclosure date of this report, the Company has adjusted some directors, supervisors and senior executives. The above table is based on the Company's positions of directors, supervisors and senior executives as of the disclosure date of this report.

Other explanations

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")

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

3. The number of underlying shares 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 4,912.016 million shares of the Company as at the grant date. The Board then adjusted the number to 46.32 million shares, representing approximately 0.94% of the total share capital of the Company as at the grant date.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

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

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

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

6. The date of exercise under the Share Option Scheme

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

- (I) 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;
- (II) Within ten (10) days before the announcement of the Company's results forecast and performance news;
- (III) 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.
- (IV) Any other period as stipulated by CSRC and Shanghai Stock Exchange.

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

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

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

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

7. The Exercise Price 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 per share. During the period commencing from the date of announcement of the Share Option Scheme to the expiry of the exercise period of the Participants, the exercise price shall be subject to adjustment in the event of capitalization of capital reserves, bonus issue, share subdivision, right issue or dividend distribution of the Company.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

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

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

9. The validity period of the Share Option Scheme

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

10. Historical adjustment to the Share Option Scheme

As reviewed and approved at the eighth meeting of the eighth session of the Board convened on 13 January 2021, the Company cancelled 3,280,000 share options granted but not exercised, which were granted to Wang Xingsheng and other 29 people due to reasons such as resignation, serving as the Company's supervisor or death, etc. Chen Hu and other two participants exercised 80% of share options granted during the first exercising period in according to their respective performance assessment ranking "standard", and the remaining 19,140 share options granted for the first exercising period cannot be exercised and cancelled by the Company. A total of 3,299,140 share options were cancelled, and the total number of share options is adjusted from 46,320,000 to 43,020,860. The share options after the adjustment represents 0.88% of the total share capital as at the date of the report. Since the Company made dividend distribution during the vesting period, the Board of the Company adjusted the exercising price under the Share Option Scheme to RMB7.52 per share.

11. Use of proceeds:

The amount of proceeds from exercise totals RMB106,664,131.20, which will be used to supplement the Company's operating capital.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

Long-term Incentive Scheme of Yancoal Australia

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

For details, please refer to the resolution announcement of Yancoal Australia 2018 Annual General Meeting dated 30 May 2018, the performance announcement of the year ending 31 December 2020 on 26 February 2021 and the announcement of the rights to issue performance shares dated 26 March 2021. The above announcements were also posted on the websites of Yancoal Australia, the Australia Stock Exchange and/or the HKEX.

Employee Shareholding Scheme

Not applicable.

Other Incentive Schemes

Not applicable.

V. CORPORATE GOVERNANCE

(Prepared according to the listing rules in PRC)

The Company has paid close attention to the securities market standards and rule of law, and actively improved its corporate governance structure. During the reporting period, the Company further improved its corporate governance structure. According to the "Notice of the Shandong Provincial Administration of Market Supervision on the Full Implementation of the Standardized Registration of the Business Scope of Market Entities" (Lu Shi Jian Zhu Zi [2020] No. 212), due to the name of "Yankuang Group Co., Ltd.", the Controlling Shareholder changed to "Shandong Energy Group Co., Ltd.", the Company took the following two ends of actions. Firstly, the Company adjusted the relevant items in the business scope and standardized related expressions in the Articles as a whole. Secondly, the Company updated basic information in the Articles such as the name and the registered address of the Controlling Shareholder.

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

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

VI. COMPLIANCE WITH CORPORATE GOVERNANCE CODE AND MODEL CODE

(Prepared in accordance with the Hong Kong Listing Rules)

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

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

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.

Having made specific enquiries with all the Directors and Supervisors, as of the disclosure date of this report, except for the Company's director, Mr. Wu Xiangqian and his family member, who bought 47,000 A shares within 60 days before the announcement of the annual results due to misoperation, other Directors and Supervisors have strictly complied with Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code") set out in Appendix 10 of Hong Kong Listing Rules 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.

CHAPTER 4 COMPANY GOVERNANCE – CONTINUED

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

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

- i. provide enhanced training to the Directors, supervisors and senior management of the Company in relation to the Listing Rules and relevant internal regulations of the Company and reiterate the importance of abiding by these rules;
- ii. provide enhanced training to the Directors, supervisors and senior management of the Company in relation to exercise of share options under the Share Option Scheme, especially on how to correctly operate the transaction system to exercise share option;
- iii. request the participants of the Share Options Scheme to operate the exercise of share options in the trading system personally without delegating to others; and
- iv. continue to send proper black-out period notifications to the Directors, supervisors and senior management of the Company via various channels, including text messages, Wechat messages, emails and hardcopy notification letters, and remind them of prohibition of dealing in the shares of the Company before the beginning of the black-out period.

For details, please refer to the Report on Corporate Governance of the Company included in 2020 annual report of the Company.

VII. INVESTOR RELATIONS

The Company has been continuously perfecting the system for the management of relationships with Investors, and improved standard management of investor relations through effective information collection, compilation, examination, disclosure, and feedback management procedures. During the reporting period, the Company facilitated its two way communications with the capital market through face-to-face meetings at international and domestic road-shows to report to investors on the operation of the Company, and to understand the opinions and suggestions of investors and the capital market on the Company, 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.

I. ENVIRONMENTAL INFORMATION

(I) Explanation on environmental protection practices of the Company and its subsidiaries in the List of Key Pollutant Discharging Entities released by the environmental protection authorities

1. Pollutant discharging

During the reporting period, no significant environment pollution incidents 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 to deal with environmental pollution, including Environmental Protection Law of the People's Republic of China, Prevention and Control of Atmospheric Pollution Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, 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 related regulations about national energy conservation and emission reduction.

In 2021, the coal mines affiliated to the Group are equipped with sound facilities for sewage process and dust control at coal stockyards, which operate in a stable manner, and the discharge of main pollutants, such as SO₂, COD, ammonia nitrogen, NO_x, PM₁₀, meets all discharging standards. The power plants affiliated to the Group are equipped with sound facilities for exhaust gas management, which operate in a stable manner, and the discharge of main pollutants, such as smoke dust, SO₂, NO_x etc. meets all discharging standards. The chemical plants affiliated to the Group are equipped with sound facilities for industrial sewage processing and boiler fuel gas management, which operate in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, PM₁₀ etc. meets all discharging standards. The power plants affiliated to the Group are equipped with sound facilities for exhaust gas management, which operate in a stable manner, and the discharge of main pollutants, such as smoke dust, SO₂, NO_x, meets all discharging standards. The chemical plants affiliated to the Group are equipped with sound facilities for industrial sewage processing and boiler fuel gas management, which operated in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, smoke dust, SO₂, nitrogen oxide, meets 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 as key pollutant discharging entities released by the environmental protection authorities in the first half of 2021 are as follows.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in for the six months ended 30 June 2021
1	Nantun Coal Mine (Key pollutant discharging entity in Shandong Province)	Industrial wastewater, household	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after	"Comprehensive Discharge Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018), "Coal Industry Pollutant Discharge Standard" (GB20426-2006)	191.8 tons of COD, 9.6 tons of ammonia nitrogen	11.1 tons of COD and 0.08 ton of ammonia nitrogen
2	Baodian Coal Mine (Key pollutant discharging entity in Shandong Province)	wastewater		processing in sewage treatment station		120.4 tons of COD, 6.0 tons of ammonia nitrogen	18.5 tons of COD and 0.06 tons of ammonia nitrogen
3	Yangcun Coal Mine (Key pollutant discharging entity in Shandong Province)					33.1 tons of COD, 1.7 tons of ammonia nitrogen	1.6 tons of COD and 0.02 tons of ammonia nitrogen
4	Dongtan Coal Mine (Key pollutant discharging entity in Shandong Province)					9.8 tons of COD, 0.4 tons of ammonia nitrogen	0 tons of COD, 0 tons of ammonia nitrogen
5	Jining No.2 Coal Mine (Key pollutant discharging entity in Shandong Province)					30.7 tons of COD, 2.9 tons of ammonia nitrogen	5.9 tons of COD, 0.09 tons of ammonia nitrogen
6	Jining No.3 Coal Mine (Key pollutant discharging entity in Shandong Province)					362.9 tons of COD, 18.1 tons of ammonia nitrogen	14.6 tons of COD, 0.48 tons of ammonia nitrogen
7	Heze Nenghua Zhaolou Coal Mine (Key pollutant discharging entity in Shandong Province)				"Comprehensive Discharge Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018), "Coal Industry Pollutant Discharge Standard" (GB20426-2006), "Integrated Wastewater Discharge Standard" (GB8978-1996)	95.4 tons of COD, 5.9 tons of ammonia nitrogen	10.9 tons of COD, 0.13 tons of ammonia nitrogen
8	Xinglongzhuang Coal Mine (Key industrial wastewater discharging entity in Shandong Province, National key pollutant discharging entity of household waste water)				"Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018), "Coal Industry Pollutant Discharge Standard" (GB20426-2006), "Emission Standard of Pollutants for Urban Sewage Treatment Plants" (GB 18918-2002)	109 tons of COD, 5.5 tons of ammonia nitrogen	0.2 tons of COD, 0.002 tons of ammonia nitrogen
9	Tianchi Coal Mine of Shanxi Neng Hua (Key pollutant discharging entity of Jinzhong City)				"Coal Industry Pollutant Emission Standard" (GB20426-2006)	No total emission requirements for COD, ammonia nitrogen	1.9 tons of COD, 0.05 tons of ammonia nitrogen

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in for the six months ended 30 June 2021
10	Coal to Oil Branch of Shaanxi Future Energy Company (National key pollutant discharging entity)	Boiler flue gas	PM (particulate matter), SO ₂ , NO _x	Smoke and gas discharged to the air after purification	"Comprehensive Emission Standard of Air Pollutants" (GB16297-1996), "Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011), "Emission Standard of Air Pollutants for Boilers in Shaanxi Province" (DB61/1226-2018), "Industrial Furnaces Kiln Air Pollutant Emission Standard" (GB9078-1996)	PM 96.6 tons, SO ₂ 668.2 tons, NO _x 1,169.9 tons	PM 13.1 tons, SO ₂ 21.7 tons, NO _x 320.3 tons
11	Zhuanlongwan Coal Mine of Ordos Neng Hua (Ordos City key pollutant discharging entity)				"Emission Standard of Air Pollutants for Boilers" (GB13271-2014), "Comprehensive Emission Standard of Air Pollutants" (GB16297-1996)	PM 10.8 tons, SO ₂ 51.8 tons, NO _x 64.8 tons	PM 2.6 tons, SO ₂ 2.8 tons, NO _x 21.3 tons
12	Shilawusu Coal Mine of Ordos Nenghua (Ordos City pollutant discharging entity)					PM 23.5 tons, SO ₂ 107.2 tons, NO _x 81.0 tons	PM 1.9 tons, SO ₂ 10.6 tons, NO _x 15.9 tons
13	Jinjitian Coal Mine (Yulin City key pollutant discharging entity)				"Boiler Air Pollutant Emission Standard" (GB13271-2014)	PM 6.1 tons, SO ₂ 20.4 tons, NO _x 40.7 tons	PM 0.8 tons, SO ₂ 7.0 tons, NO _x 11.0 tons
14	Rongxin Chemicals of Ordos Neng Hua (National key air pollutant discharging entity)				"Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011), "Comprehensive Emission Standard of Air Pollutants" (GB16297-1996), "Emission Standard of Pollutants for Petrochemical Industry" (GB31571-2015), "Air Pollution of Industrial Furnaces Emission Standards" (GB9078-1996)	PM 613.8 tons, SO ₂ 1,682.4 tons, NO _x 1,823.8 tons	PM 2.6 tons, SO ₂ 58.6 tons, NO _x 154.7 tons
15	Zhaolou Power Plant (National key pollutant discharging entity)				"Emission Standard of Air Pollutants for Thermal Power Plants in Shandong Province" (DB37/664-2019), "Comprehensive Emission Standard of Air Pollutants" (GB16297-1996)	PM 34.6 tons, SO ₂ 242.4 tons, NO _x 346.3 tons	PM 6.0 tons, SO ₂ 20.7 tons, NO _x 83.4 tons
16	Jining No.3 Power Generation Plant (National key pollutant discharging entity)					PM 32.4 tons, SO ₂ 226.9 tons, NO _x 319.0 tons	PM 2.7 tons, SO ₂ 10.0 tons, NO _x 116.7 tons
17	Power Plants affiliate to Inner Mongolia Mining Company (Ulan Qab key pollutant discharging entity)				"Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011)	PM 374 tons, SO ₂ 1,522.1 tons, NO _x 1,522.1 tons	PM 15.8 tons, SO ₂ 87.1 tons, NO _x 228.4 tons

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in for the six months ended 30 June 2021
18	Methanol Factory of Yulin Neng Hua (National key pollutant discharging entity)	Boiler flue gas, industrial wastewater, household wastewater	PM (particulate matter), SO ₂ , NO _x , chemical oxygen demand (COD), ammonia nitrogen	Smoke and gas discharged to the air after purification, and the waste water recycled for utilization after treatment in waste water treatment station and the remaining discharged	"Emission Standard of Air Pollutants for Thermal Power Plants" (GB13223-2011), "Emission Standards of Pollutants for Petrochemical Industry" (GB31571-2015), "Comprehensive Emission Standards of Air Pollutants" (GB16297-1996), "Pollutants from Petroleum Refining Industry" Emission Standard (B31570-2015), "Shaanxi Province Boiler Air Pollutant Emission Standard (DB61/1226-2018), "Shaanxi Province Yellow River Basin Sewage Comprehensive Discharge Standard" (DB61/224-2018), "Sewage Comprehensive Discharge Standard" (GB8978-1996)	PM 169.8 tons, SO ₂ 1,042.7 tons, NO _x 590.8 tons, COD 90.5 tons, ammonia nitrogen 14.5 tons	PM 8.7 tons, SO ₂ 78.9 tons, NO _x 136.2 tons, COD 10.2 tons, ammonia nitrogen 0.55 tons
19	Yankuang Lunan Chemical Company (National key air pollutant discharging entity)				"Shandong Province Thermal Power Plant Air Pollutant Emission Standard" (DB37/664-2019), "Regional Air Pollutant Comprehensive Emission Standard" (DB37/2376-2019), "Air Pollutant Comprehensive Emission Standard" (GB16297-1996), "Comprehensive Discharge Standard of Water Pollutants in the Basin Part 1: Nansi Lake Dongping Lake Basin" (DB37/3416.1-2018), "Petrochemical Industry Pollutant Discharge Standard" (GB31571-2015)	PM 73.6 tons, SO ₂ 380.6 tons, NO _x 543.7 tons, COD 501.0 tons, ammonia nitrogen 79.5 tons	PM 17.7 tons, SO ₂ 73.4 tons, NO _x 154.9 tons, COD 162.8 tons, ammonia nitrogen 3.7 tons

2. Construction and operation of pollution control facilities

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

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
1	Nantun Coal Mine	A mine water treatment station and a domestic sewage treatment station have been established as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built. High salt mine water treatment facility is under construction.
2	Dongtan Coal Mine	
3	Jining No.2 Coal Mine	
4	Jining No.3 Coal Mine	
5	Heze Neng Hua Zhaolou Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up.
6	Yangcun Coal Mine	
7	Xinglongzhuang Coal Mine	A mine water treatment station and a household wastewater treatment station and high salt mine water treatment facility have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up. High salt mine water treatment facility has been built and in normal operation.
8	Baodian Coal Mine	
9	Shanxi Neng Hua Tianchi Coal Mine	
10	Zhuanlongwan Coal Mine of Ordos Neng Hua	Zhuanlongwan Coal Mine has a mine water treatment station and a domestic sewage treatment station as required, which are all in normal operation. It also has 2 boilers of 20 steam tons each and 1 boiler of 6 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and are in normal running.
11	Shilawusu Coal Mine of Ordos Neng Hua	Shilawusu has a mine water treatment station and a household wastewater treatment station as required, which are all in normal operation. It also has 3 boilers with 20 steam tons each, which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation.
12	Jinjitan Coal Mine	Jinjitan has a mine water treatment station and a household wastewater treatment station as required, which are all in normal operation. It also has 2 boilers with 20 steam tons each, which are equipped with de-dusting, desulfurization and de-nitration facilities and are in normal operation.
13	Shaanxi Future Energy Company	Future Energy has an industrial water treatment plant in normal operation, which discharges the waste water after treatment for recycling use after further treatment. It also has 3 boilers with 480 steam tons each in normal operation, which are all equipped with de-dusting, desulfurization and de-nitration facilities, which have completed ultra-low emission retrofit and are in normal operation
14	Methanol Plant of Yulin Neng Hua	An industrial wastewater treatment station has been built as required and is in normal operation. It also has 3 coal fines boilers of 260 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities, which have completed ultra-low emission retrofit and are in normal operation.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
15	Rongxin Chemicals of Ordos Neng Hua	Rongxin Chemicals has mine water treatment station and a domestic sewage treatment station as required, which are all in normal operation. It also has 3 units of 220 steam tons circulating fluidized bed boilers, which are all equipped with de-dusting, desulfurization and de-nitration facilities, which have completed ultra-low emission retrofit and are in normal operation.
16	Lunan Chemicals	Lunan Chemicals has an industrial waste water treatment plant in normal operation as required. It also has 6 circulating fluidized bed boilers in normal operation, with 4 boilers of 130 steam tons each, 1 boiler of 260 steam tons and 1 boiler of 480 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have completed ultra-low emission retrofit.
17	Zhaolou Power Plant	It has 1 boiler, with total capacity of 1,025 steam tons, which is all equipped with de-dusting, desulfurization and de-nitration facilities and has achieved ultra-low emission retrofit and is in normal operation.
18	Jining No.3 Power Plant	It has 2 boilers, with total capacity of 880 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have achieved ultra-low emission retrofit and are in normal operation.
19	Power Plants affiliated to Inner Mongolia Mining	It has 2 boilers, with total capacity of 2,478 steam tons, which are all equipped with de-dusting, desulfurization and de-nitration facilities and have achieved ultra-low emission retrofit and are in normal operation.

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

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

4. Emergency plan for emergency environmental incidents

Each production unit of the Group has, on its own or authorized qualified units 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

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. Each production unit of the Group has prepared self-monitoring plans, carried out self-monitoring regularly, and disclosed monitoring information of key pollution sources to the public as required. The main methods of monitoring are online monitoring and entrusted monitoring.

(1) On-line monitoring

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 household wastewater

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

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 government monitoring platform monitoring platform in real time.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

(2) *entrusted monitoring*

- ① Monitoring of pollutants in the discharge water is carried out by a third party as required once a month and the monitoring objectives shall refer to the Standard for the Discharge of Pollutants in Urban Sewage Treatment Plant.
- ② The Group has entrusted a third party to implement manual monitoring of 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 has been conducted by a third party as required yearly.

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

Administrative penalties due to environmental issues in the first half of 2021

No.	Penalty Entities	Inspection Authorities	Notification Number	Issues	Penalty (RMB10 thousand)
1	Nantun Coal Mine	Jining City Ecological Environment Bureau	Ji Huan Fa Zi [2021] No. 70	The amount of silver sulfate and total salt in the external drainage exceeds the standard.	74
2	Dongtan Coal Mine	Jining City Ecological Environment Bureau	Ji Huan Fa Zi [2021] No. 72		72
3	Jining No.3 Coal Mine	Jining City Ecological Environment Bureau	Ji Huan Fa Zi [2021] No. 74		72
4	Shilawusu Coal Mine	Yijinhuoluo Branch of Ordos City Ecological Environment Bureau	E Huan Yi Fa [2021] No. 32	Coal slime was stored in the open air at the coal preparation plant, and no airtight or effective pollution prevention measures were taken.	10
5	Ulanqab Hongda Industrial Co., Ltd.	Xinghe County Branch of Ulanqab City Ecological Environment Bureau	Xing Huan Fa Zi [2021] No. 1	The hourly average value of nitrogen oxides emitted during certain periods exceeded the standard.	60
			Total		288

7. Other environmental information that should be disclosed

Not applicable.

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

1. Administrative penalties due to environmental issues

Not applicable.

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

Not applicable.

3. Reasons for not disclosing other environmental information

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

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

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

Not applicable.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

(IV) Relevant information that is conducive to protecting ecology, preventing pollution, and fulfilling environmental responsibilities

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

1. Deep treatment facilities for mine high salt water in Nantun Coal Mine, Dongtan Coal Mine, Jining No. 2 Coal Mine, Jining No. 3 Coal Mine, Zhaolou Coal Mine, and Shilawusu Coal Mine, will be put into operation at the end of December. After the facility is put into operation, the quality of the external drainage water will be controlled at 650mg/L of sulfate, and the total salt content will be controlled below 1,600mg/L and the water quality of the storage water body will continue to improve.
2. Use low-emission electric equipment to replace 81 units of non-road mobile machinery below the National II emission standard, so as to which is electric or above the National III emission standard effectively reduce particulate matter and nitrogen oxide emissions in the exhaust gas, and improve the air quality of the work area and the surrounding environment.
3. Implement the upgrade and transformation of VOCs treatment facilities in 6 coal mines, including Dongtan Coal Mine and Jining No.3 Coal Mine, and in the course of disposing of painting-induced gas use catalytic combustion process to replace the original photo-oxygen catalytic process to ensure stable operation of facilities, improve treatment efficiency, and further reduce VOCs emission concentration and total emissions.

(V) Measures and effects taken to reduce carbon emissions during the reporting period and their effects.

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

1. The mine water waste heat recovery and utilization project of Xinglongzhuang Coal Mine was completed and put into operation, which can save 12,100 GJ/year of purchased steam and realize comprehensive energy saving benefits of 412 tons of standard coal/year, which is equivalent to 1,096 tons of carbon dioxide emissions. The upgrading of facilities to treat VOCs arising from painting plants in 6 coal mines, including Dongtan Coal Mine and Jining No.3 Coal Mine, is afoot. In order to reduce VOCs total emissions, we use catalytic combustion process to replace the original photo-oxygen catalytic process.

CHAPTER 5 ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES – CONTINUED

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

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

In the first half of 2021, the Group continued to consolidate the results of poverty alleviation and implement rural revitalization as a way to fulfill its social responsibilities, enhance the Company's core competitiveness and build a good corporate image. The Group has invested a total of more than RMB4 million in helping villages in corporate locations to implement the five-in-one assistance plan of "political assistance, material assistance, industrial assistance, cultural assistance, and education assistance", deepen local-enterprise cooperation, and drive local governments develop. In terms of political assistance, the Group helped to standardize the "three meetings and one lesson" and organizational meeting systems for the three first secretaries to assist the village in Huangdian Town, Dingtao District, Heze City, and implemented the "leading models" and "double training" series of projects to create assistance so that each village has its own distinctive brand of party building. In terms of material assistance, the Group provided 91,000 tons of coal at cost price to Yijinhuoluo, Inner Mongolia, to ensure that local residents stay warm during the winter. The Group launched the "Cool in Summer, Warmth in Winter" campaign in the help villages, with 300 electric discharge fans, 56 electric heaters, and more than 1,000 cotton-padded quilts. The Group donated to build a happy canteen in Yutai County to help the villagers, to solve the problem of local left-behind elderly people eating meals. In terms of industrial assistance, the Group regards industrial assistance as a pillar of rural revitalization, and helps villages build a "steel structure intelligent high-temperature solar greenhouse" project, develops organic vegetables, edible mushroom, grapes, and honeysuckle planting projects to provide villagers with channels for increasing labor income. In terms of cultural assistance, the Group continued to organize activities of sending plays to the countryside and sending movies to the countryside to enrich the amateur life of villagers. The Group carries out the activity of "passing down the good family tradition from generation to generation" to let the villagers understand the content of the village rules and regulations and promote the new style and righteousness. In terms of education supporting campaign, in view of the actual situation of the large number of left-behind children in rural areas, the Group coordinated the relevant units to "send teachers into the village and send them home" to provide guidance for left-behind children. The Group donated more than RMB70,000 in grants for college entrance examination students to encourage them to study diligently and resolve to serve the country.

CHAPTER 6 SIGNIFICANT EVENTS

I. PERFORMANCE OF UNDERTAKINGS

(The financial data listed in this section are calculated in accordance with Chinese Accounting Standards)

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

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
Undertakings Related to IPO	Resolve horizontal competition	Shandong Energy Group	Avoidance of horizontal competition: Yankuang Group and the Company entered into the Restructuring Agreement when the Company was carrying out the restructure in 1997, pursuant to which, Yankuang Group undertook that it would take various effective measures to avoid horizontal competition with the Company.	Year 1997 Long-term effective	No	Yes	Under normal performance	None
Other undertakings	Other	Shandong Energy Group	Shandong Energy Group made undertakings in relation to finance business with Yankuang Finance Company as followings.	27 July 2018 Long-term effective	No	Yes	Under normal performance	None

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			<p>3) In case Shandong Energy Group and its controlled companies misappropriated any capital fund of Yanzhou Coal through Yankuang Finance Company or in any other form and caused any loss, Shandong Energy Group and its controlled companies will make full amount compensation in cash.</p>					
			<p>4) Shandong Energy 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 as the controlling shareholder, nor impair the legal interests of Yanzhou Coal and other public shareholders.</p>					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
	Other	Shandong Energy Group	On 30 September 2020, Shandong Energy Group and Yanzhou Coal signed the "Equity and Assets Transfer Agreement" agreeing that Yanzhou Coal will acquire relevant assets of Shandong Energy Group for approximately RMB18.355 billion in cash (the "Transaction"), including Future Energy 49.315% equity, 100% equity of Fine Chemicals, 100% equity of Lunan Chemical, 100% equity of Chemical Equipment, 100% equity of Supply and Marketing Company, 99% equity of Jining No.3 Power Plants) (the foregoing subjects are collectively referred to as the "Target Companies", and the foregoing equity interests are referred to as the "Target Equity") and related assets of the Information Center of Yankuang Group. Based on the confidence in the future development prospects of the target companies and referring to the asset appraisal report filed by the competent state-owned regulatory authority, Shandong Energy Group agreed to make the following commitments regarding the performance of the target equity in the next three years.	2020-2022	Yes	Yes	Under normal performance	None

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			<p>1. Shandong Energy Group promised that for 2020-2022 (the "Commitment Period"), calculated in accordance with Chinese Accounting Standards, the total amount of the audited net profit ("Net Profit") attributable to shareholders of the parent company after deducting non-recurring gains and losses corresponding to the underlying equity will not be less than RMB4.314 billion ("Committed Net Profit"). At the same time, Shandong Energy Group's promised net profit is determined with reference to the asset appraisal report filed by the competent state-owned regulatory authority. Future Energy and Jisan Power's promised net profit are determined in accordance with the equity proportions participating in the transaction, namely 49.315% and 99%.</p>					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			<p>3. Shandong Energy Group promises to perform all the compensation obligations after the issuance of the special audit report of the target companies, and within 30 days after receiving the notice from Yanzhou Coal that clarifies the specific amount to be compensated during the commitment period.</p>					
			<p>4. If during the commitment period due to force majeure ("Force majeure" refers to objective circumstances that cannot be foreseen, unavoidable and cannot be overcome when the Shandong Energy Group and Yanzhou Coal signed the "Equity and Asset Transfer Agreement", including but not limited to: (1) Natural disasters, such as earthquakes and tsunamis, typhoons, volcanic eruptions, landslides, avalanches, mudslides, epidemics, etc.; (2) Social abnormal events, such as wars, armed conflicts, strikes, riots, uprising, etc.; (3) Changes in laws, regulations or policies, government control orders or decisions), the normal production and operation of the target companies is materially and adversely affected or the target companies are no longer controlled by Yanzhou Coal, from the year in which the foregoing situation occurred (including the year), according to the degree of influence of the foregoing circumstances, Shandong Energy Group may adjust the amount of committed net profit and other content accordingly.</p>					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

Not Applicable.

III. VIOLATION OF GUARANTEES

Not Applicable.

IV. AUDITING OF INTERIM REPORT

Not applicable.

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

Not Applicable.

VI. MATTER RELATED TO BANKRUPTCY AND REORGANIZATION

Not applicable

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

VII. SIGNIFICANT LITIGATION AND ARBITRATION EVENTS

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

Item Overview

Query index

Arbitration involving Inner Mongolia New Changjiang Mining & Investment Co., Ltd. (“New Changjiang”) and Yanzhou coal

For details, please refer to the arbitration announcement dated 9 April 2018. The above announcement was also posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company and/or China Securities Journal, Shanghai Securities News and Securities Times.

In April 2018, New Changjiang submitted an arbitration application to China International Economic and Trade Arbitration Commission (“CIETAC”) for the violation of the relevant equity transfer agreements by 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, penalty of RMB656 million, and the legal fees, arbitration fees and preservation fees involved in this case. CIETAC held two hearings on the case in October 2018 and December 2018, respectively, and no ruling was issued. In April 2019, New Changjiang changed its arbitration request to the termination of the equity transfer agreement and obtained the permission of CIETAC. CIETAC held the third and fourth hearings on the case in August 2019 and December 2019 respectively. On 30 December 2020, CIETAC issued a ruling of suspension of the arbitration procedure.

Thus, the Company is unable to accurately estimate the impact of the arbitration on the current profit and future profit.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Weihai Commercial Bank Co., Ltd ("Weihai Commercial Bank")	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 filed a case in Jining Intermediate People's Court ("Jining Intermediate Court") against 8 defendants including Hengfeng 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 through its account receivables of RMB103.42 million by Yanzhou Coal (suspect of counterfeit), 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 judgement and lost the case. The Company lodged an appeal to Shandong Higher 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 in Jining Intermediate Court for retrial.</p> <p>In January 2020, Jining Intermediate Court rejudged and rejected the lawsuit of Weihai Commercial Bank at the first instance. Then, Weihai Commercial Bank appealed to Shandong High Court.</p> <p>In December 2020, the Shandong Higher People's Court retrial of the second instance ruled that Yanzhou Coal shall bear 30% compensation liability for the part that Hengfeng Company cannot liquidate within the scope of the pledge of accounts receivable. The Company applied to the Supreme People's Court ("Supreme Court") for a retrial.</p>	RMB99.1190 million	No	Concluded	The Company paid RMB58.7882 million to Weishang Bank	Executed

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
				In April 2021, the Supreme Court rejected the retrial application.					
				In May 2021, Weishang Bank applied for court enforcement, and the Company paid RMB58,788,200 to Weishang Bank.					
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 and Yanzhou Coal, to Jining Intermediate People's Court ("Jining Intermediate Court") on the grounds of financial loan contract disputes, requesting Hengfeng to repay the loan principal of RMB59.669 million and corresponding interest. As Hengfeng pledged its account receivables by Yanzhou Coal of RMB79.1312 million (suspected for 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. The Company 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 May 2020, the Jining Intermediate People's Court retried in the first instance that Yanzhou Coal shall bear one-third of the compensation liability for the part that Hengfeng Company cannot pay off within the scope of the pledge of accounts receivable. The company appealed to Shandong Higher People's Court.</p>	RMB59.669 million	No	Apply for retrial	The case is currently in the progress of retrial procedure, and it's unable for the Company to estimate the impact of the suit on its current profit and future profit.	-

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
				<p>In May 2021, the Shandong Higher People's Court retrial of the second instance ruled that the Company shall bear 70% of the liability for compensation within the scope of the pledge of accounts receivable.</p> <p>In July 2021, the Company applied to the Supreme Court for a retrial.</p>					
Yanzhou Coal	Rizhao Shandong Energy International Logistics Co., Ltd. ("Shandong Energy International")	No	Litigation	<p>In November 2016, citing Shandong Energy International breaching the Coal Sales Contract, the Company appealed to Rizhao Intermediate Court, requesting Shandong Energy International to repay RMB60 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. Shandong Energy International lodged an appeal at Shandong High Court.</p> <p>In June 2019, Shandong High Court ruled at the second instance of the case to be reheard by Rizhao Intermediate Court.</p> <p>In October 2020, the Rizhao Intermediate People's Court reevaluated Yanzhou Coal in the first instance and won the case. Shandong Energy International appealed to Shandong Higher People's Court.</p> <p>In May 2021, the Shandong Higher People's Court's retrial of the second instance ruled that Yanzhou Coal lost the case.</p>	RMB60 million	No	Concluded	The Company has made full provision for impairment of the funds involved in this case in the previous period, and this litigation will not have an adverse impact on the Company's profit after the period.	-

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	estimated	Progress	Judgment and impact	Judgment execution
						liabilities and amount			
China Construction Bank Jining Guhuailu Branch ("CCB Jining Guhuailu Branch")	Yanzhou Coal	Jining Liaoyuan Trade Co., Ltd. ("Jining Liaoyuan") and other 6 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 against 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 pledge accounts receivables of RMB90.52 million by Yanzhou Coal (suspected of a counterfeit) to CCB Jining Guhuailu Branch, CCB Jining Guhuailu Branch required the Company to make repayment within scope of the accounts receivable.</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 are real and the seals are 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 the case to be reheard by Jining Intermediate Court.</p> <p>In April 2020, Jining Intermediate People's Court ruled to dismiss the plaintiff's claim against the Company, and the Company was CCB Jining Guhuailu Branch appealed to Shandong Higher People's Court exempted from liability.</p> <p>In October 2020, Shandong Higher People's Court retrialed in the second instance and decided that Yanzhou Coal was liable for 50% of the compensation for the unpaid part of Jining Liaoyuan within the scope of the pledge of accounts receivable.</p> <p>In May 2021, CCB Jining Guhuailu Branch applied for court enforcement, and the Company paid RMB67,164,400 to CCB Jining Guhuailu Branch.</p>	RMB90.52 million	No	concluded	The Company paid RMB67,164,400 to the Guhuailu Branch of China Construction Bank.	Executed

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Xiamen Xinda Co., Ltd. ("Xiamen Xinda")	Shandong Zhongyin Logistics Co., Ltd. ("Zhongyin Logistics")	Yanzhou Coal	Litigation	In March 2020, Xiamen Xinda sued Zhongyin Logistics and Yanzhou Coal to the Xiamen Intermediate People's Court ("Xiamen Intermediate Court") on the grounds of the dispute over the sale and purchase contract, requesting Zhongyin Logistics to return the principal of the purchase price and the corresponding interest RMB232.6609 million. The Company is required to bear joint liability.	RMB232.6609 million	No	In the first instance	The case is currently in the procedure at the first instance. The Company is unable to assess the impact on the Company's profit after the period.	-
				At present, Xiamen Intermediate Court has not yet made a ruling.					
Yanzhou Coal	Bill debtors including Baota Shenghua Trading Group Co., Ltd, Inner Mongolia Yanmeng Coal Transportation and Sales Co., Ltd.	Bill debtors including Baota Petrochemical Group Finance Co., Ltd ("Baota Finance Company"), Baota Petrochemical Group Co., Ltd.	Litigation	In January 2019, citing the bills dispute, the Company appealed in 89 cases against related bills debtors to Liangshan People's Court, requiring the Company to exercise its rights of recourse to the bills. The Company holds 150 pieces of acceptance bills made by Baota Finance Company as the payer, with a total amount of RMB272.1 million. As Baota Finance Company cannot meet the due payment, the Company exercises the right of recourse to safeguard the legitimate rights and interests. The Company has recovered RMB3 million in two cases, which were settled; the remaining 87 cases were transferred to Yinchuan Intermediate Court.	RMB272.1 million	No	The relevant case has been closed or won in the first instance	As of the end of the reporting period, the Company has made impairment provision for the full amount involved in this case, and this lawsuit will not adversely affect the Company's profit after the period.	-
				At present, Yinchuan Intermediate People's Court has made first-instance judgments on the aforementioned 87 cases. Yanzhou Coal has won the case. Among them, the other party has appealed in 4 cases, and the remaining 83 cases have applied to Yinchuan Intermediate People's Court for enforcement.					

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
CRRC Shijiazhuang Vehicle Co., Ltd. Shijiazhuang Gongbei Heavy Machinery Co., Ltd. and other holders	Yanzhou Coal	Beijing Baota International Economic and Technical Cooperation Co., Ltd., Baota Finance Co., Ltd. and other debtors of commercial instrument	Litigation	<p>From December 2018, citing the bill dispute, the holders of the acceptance bill of exchange of Baota Finance Company sued Yanzhou Coal in 45 cases respectively, demanding to exercise the right of recourse for bills, involving a total amount of RMB65.95 million.</p> <p>Up to present, the Company has lost 29 cases. After the Company lost the lawsuit, the Company assumed 26 cases of bill liability and paid RMB39.75 million; 12 cases were exempted from liability due to the defect of bills, with a total amount of RMB8.50 million; the remaining 4 cases are under trial and have not yet been decided.</p>	RMB55.95million	No	Related cases have been held in court one after another, and judgments have been made in some cases.	The Company has paid RMB39.75 million in accordance with the court's judgment.	-
China Huarong Asset Management Co., Ltd. Inner Mongolia Autonomous Branch ("China Huarong")	Yanzhou Coal	Ordos Jinchengtai Chemical Co., Ltd. ("Jinchengtai"), etc.	Litigation	<p>In June 2020, China Huarong sued Jin Chengtai and others to the Hohhot Intermediate People's Court ("Hohhot Intermediate Court") in two cases on the grounds of the dispute over the sale and purchase contract, requesting Jin Chengtai to repay the arrears principal and corresponding interest and other expenses respectively RMB451 million and RMB680 million. Since Jinchengtai pledged its accounts receivable from Yanzhou Coal to China Huarong, China Huarong sued the Company as a third party to the Hohhot Intermediate Court and required the Company to fulfill the corresponding payment obligations within the pledged accounts receivable.</p> <p>In August 2020, the Company received the changed complaint, and China Huarong listed the company as a co-defendant.</p> <p>In June 2021, the Hohhot Intermediate People's Court opened a trial, and the Hohhot Intermediate People's Court has not yet made a ruling.</p>	RMB1.131 billion	No	In the first instance	The case is currently in the procedure at the first instance. The Company is unable to assess the impact on the Company's profit after the period.	-

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Yanzhou Coal	Linyi Mengfei Trading Co., Ltd. ("Linyi Mengfei")	Huasheng Jiangquan Group Co., Ltd. ("Jiangquan Group"), Zhang Yulong, Wang Wentao, Wang Wensheng	Litigation	In July 2020, Yanzhou Coal sued Linyi Mengfei to the Jining Intermediate People's Court on the grounds of a coal sale contract dispute, requesting it to return the principal of the purchase price of RMB140,940,800 and the corresponding interest and other expenses. Jiangquan Group, Zhang Yulong, Wang Wentao and Wang Wensheng shall be jointly and severally liable for the above payment. At present, Jining Intermediate Court has not yet made a ruling.	RMB140,940,800 million	No	In the first instance	The case is currently in the procedure at the first instance. The Company is unable to assess the impact on the Company's profit after the period.	-
Yanzhou Coal	National Pipeline Network Group Northern Pipeline Co., Ltd. ("Northern Pipeline Network"), National Oil and Gas Pipeline Network Group Co., Ltd. ("National Pipeline Network")	None	Litigation	In January 2021, Yanzhou Coal sued the Northern Pipeline Network and the National Pipeline Network to Jining Intermediate People's Court on the grounds of eliminating obstructive disputes. The Company requires them to relocate the relevant oil pipelines passing through the mining area to other areas that do not prevent the Company from exercising its mining rights before 1 August 2021, otherwise they should compensate the Company for economic losses of RMB200 million. In April 2021, under the premise of ensuring that the Company's enjoyment of mining rights is not affected, the two parties reached a settlement agreement. In May 2021, Jining Intermediate Court ruled that it agreed to the company's withdrawal of the lawsuit.	RMB20,0 million	No	Withdrawal	This case has now been withdrawn, and this litigation will not have an adverse effect on the company's future profits.	-
Qingdao Zhongyan Trading Co., Ltd. (Qingdao Zhongyan)	Dalian Container Terminal Logistics Co., Ltd. ("Dalian Terminal")	None	Litigation	In April 2021, Qingdao Zhongyan, a wholly-owned subsidiary of Yanzhou Coal, sued Dalian Terminal to the Dalian Maritime Court on the grounds of a warehousing contract dispute, demanding compensation of RMB168,364,400 for cargo losses. At present, the Dalian Maritime Court Intermediate Court has not yet made a ruling.	RMB168,364,400	No	In the first instance	The case is currently in the procedure at the first instance. The Company is unable to assess the impact on the Company's profit after the period.	-

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Duanxin Supply Chain (Shenzhen) Co., Ltd. (Duanxin Supply Chain)	Shagang (Beijing) International Investment Co., Ltd. ("Shagang Beijing")	Tianjin Wantong Hengxin Group Co., Ltd. ("Tianjin Wantong"), Li Lei, Jiangsu Shagang Group Co., Ltd. ("Shagang Group")	Litigation	In April 2021, Duanxin Supply Chain, a wholly-owned subsidiary of Yanzhou Coal, sued Shagang Beijing to the Shenzhen Intermediate People's Court ("Shenzhen Intermediate People's Court") on the grounds of a coal sale contract dispute, requesting it to return the principal of RMB121,605,700 and corresponding penalty for overdue payment. Tianjin Wantong, Li Lei and Shagang Group shall be jointly liable for the aforesaid payments. The Shenzhen Intermediate People's Court has not yet made a ruling.	RMB121,605,700	No	In the first instance	The case is currently in the procedure at the first instance. The Company is unable to assess the impact on the Company's profit after the period.	-
Coal Chemicals Supply and Sales Company	Guizhou Kailin Group Kuang Fei Co., Ltd. ("Kailin Kuang Fei")	Guizhou Kailin Group Co., Ltd. ("Kailin Company"), Guizhou Phosphorus Chemicals (Group) Co., Ltd. ("Phosphorus Chemicals Group")	Litigation	In June 2021, Coal Chemicals Supply and Sales Company, a wholly-owned subsidiary of Yanzhou Coal sued Kailin Kuang Fei to Jining Intermediate People's Court on the grounds of coal contract dispute, requesting it to return payment for goods of RMB183.0802 million and accrued interests. And Kailin Company shall be jointly liable for the aforesaid payment. In July 2021, upon mediation by Jining Intermediate People's Court, Kailin Kuang Fei agreed to pay the principal of RMB190.7950 million to Coal Chemicals Supply and Sales Company, and Kailin Company and Phosphorus Chemicals Group agreed to undertake aforesaid joint liabilities.	18,308.02	No	Settled	The case was settled upon mediation, and will not impact the Company's profit after the reporting period.	-

(III) Other Explanations

Not Applicable.

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

Not Applicable.

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 transferred to judicial organs or being given criminal sanctions. None of compulsory measures were taken by judicial discipline inspection departments. There are no circumstances such as being inspected by CSRC, being given administrative penalties imposed by CSRC, being prohibited from entry into the securities market, being given a notice of criticism, being identified as inappropriate candidates, being given major administrative penalties by other administrative departments and being condemned by stock exchanges publicly.

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

Not applicable.

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

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

X. MAJOR CONNECTED/RELATED TRANSACTIONS

(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., Shandong Energy Group and its subsidiaries except the Group, and Glencore Coal Pty Ltd ("Glencore") and its subsidiaries ("Glencore Group"). Glencore is the major shareholder of the subsidiaries of the Company, so it is the related/connected party of the Company.

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

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

Continuing connected/related transaction of medical service

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

For details, please refer to the announcement of the resolutions of the fifteenth meeting of the eighth session of the Board dated 27 August 2021, and the announcement of relevant continuing connected/related transactions. Such information was published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company's website and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.

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

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

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

As approved at the 2021 first extraordinary general meeting of the Company held on 5 February 2021, five continuing connected/related transaction agreements were entered into by the Company with Shandong Energy 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 Asset Leasing Agreement" and "Bulk Commodities Sales and Purchase Agreement", each of which determined the annual cap of transaction within a period from 2021 to 2023.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

The sales of goods and provision of services by the Group to its Controlling Shareholder amounted to RMB1.821 billion in the first half of 2021. The goods and services provided by the Controlling Shareholder to the Group amounted to RMB1.194 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 2021:

	The first half of 2021		The first half of 2020		Increase/ decrease of connected/ related transactions amount (%)
	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	1,820,512	2.78	1,611,140	1.47	13.00
Sales of goods and provision of services by the Controlling Shareholder to the Group	1,193,582	1.83	1,190,596	1.09	0.21

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

	Sales income (RMB'000)	Sales cost (RMB'000)	Gross profit (RMB'000)
Coal sold to the Controlling Shareholder	1,555,398	901,260	654,138

Pursuant to the Provision of Insurance Fund Administrative Services Agreement, the Controlling Shareholder shall provide free management and transferring services for the Group's basic pension insurance fund, supplementary medical insurance fund, (the “Insurance Fund”). The actual amount of the Insurance Fund paid by the Group for the first half of 2021 was RMB309 million.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

- ② Continuing connected/related transaction of entrusted management of some subordinates of Shandong Energy Group

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

Pursuant to “Entrusted Management Agreement”, the Group provides professional management to the two companies of Shandong Energy Group. Shandong Energy Group shall pay the Company’s entrusted management fees for that year within one month after the completion of the annual audit report of the target company.

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

- ③ Continuing connected/related transaction of financial services

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

As at 30 June 2021, the comprehensive credit balance of Shandong Energy Group in Yankuang Finance Company is RMB6.862 billion, and the financial service expenses incurred in the first half of 2021 are RMB363 thousand.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

④ Continuing connected/related transactions of finance leases

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

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

In the first half of 2021, the balance of principal and interest, handling fees and consultancy expenses of financial leasing incurred totaling RMB1.038 million.

⑤ Continuing connected/related transactions of houses rental

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

According to the “Lease Agreement”, Dongjiang Company leased the house at No.303 Mingzhu Road, Xujing Town, Qingpu District, Shanghai to Shanghai Xinda. The rent payment method is to pay first and use later, paying twice a year. In each lease year, half of the rent for the year is paid in January, and the other half of the year is paid in July.

In the first half of 2021, Shanghai Xinda did not paid any rent to Dongjiang Company.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

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

In the first half of 2021, the Company paid the operation and maintenance costs of RMB11.792 million to Shandong Energy Digital Technology.

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

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

In the first half of 2021, the total amount of fees charged by the Shandong Energy Group for the sale of chemical raw coal to the Group is RMB174 million. The Group did not sold any chemical products to Shandong Energy Group. The Group did not provided any agency services of chemical products to Shandong Energy Group either.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

No.	Type of connected/related transaction	Agreement	Annual Transaction		
			Annual Transaction Cap for the Year 2021 (RMB'000)	Amount for the person first half of 2021 (RMB'000)	
1	Material and facilities provided by the Controlling Shareholder	Provision of Materials Supply Agreement	900,000	411,658	
2	Labor and services provided by the Controlling Shareholder	Mutual Provision of Labor and Services	2,787,000	595,839	
	Labor and services provided to the Controlling Shareholder	Agreement	170,000	17,336	
3	Insurance fund management and payment services provided by the Controlling Shareholder (free of charge) for the Group's staff	Provision of Insurance Fund Administrative Services Agreement	770,000	309,126	
4	Sale of products, material and equipment lease provided to the Controlling Shareholder	Provision of Products, Material and Asset Leasing Agreement	3,320,000	1,802,028	
5	Procurement of bulk commodities from the Controlling Shareholder	Bulk Commodities Sales and Purchase	500,000	0	
	Sale of bulk commodities to the Controlling Shareholder	Agreement	2,970,000	0	
6	Financial services to the Controlling Shareholder	Comprehensive Credit Financial service fee	Financial Services Agreement	9,800,000	6,861,750
				4,000	363
7	Provision of entrusted management services to the Controlling Shareholder	Entrusted Management Agreement	3,000	0	
8	Provide financial leasing services to the Controlling Shareholder	Total financing amount Interest and expenses	Financial Lease Agreement	6,510,000	1,038
				510,000	785
9	Provide house leasing services to the Controlling Shareholder	Lease Agreement	14,763.70	0	
10	Operation and maintenance services provided by the Controlling Shareholder	ERP and Related System Operation and Maintenance Framework Agreement	50,000	11,792	
11	Procurement of chemical raw coal from the Controlling Shareholder	Chemical Raw Material Coal Purchase and	600,000	174,293	
	Sales of chemical products to the Controlling Shareholder	Product Sales Agreement	400,000	0	
	Provide chemical product agent sales services to the Controlling Shareholder		5,000	0	

Note: The Lease Agreement stipulates that if the business cannot be opened on time in 2021, the rent will be reduced or exempted by 50%, that is, RMB7,381,900 will be collected.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

① Continuing connected/related transaction of coal sales

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

The 2021 annual cap for coal sales of the Group to Glencore and its subsidiaries was USD350 million. In the first half of 2021, the Group has sold coal to Glencore and its subsidiaries amounting to approximately USD51 million.

② Continuing connected/related transaction of coal purchase

At the 2021 first extraordinary general meeting of the Company held on 5 February 2021, HVO Sales Contract between Yancoal Australia and Glencore, together with the estimated maximum annual transaction amounts for such transaction from 2021 to 2023 had been approved. It is stipulated in HVO Sales Contract: HVO Coal Sales Pty Ltd, a subsidiary of Yancoal Australia, shall pay the corresponding transaction amount to Yancoal Australia and Glencore respectively according to the total amount and corresponding product quota collected in each sales agreement with the client and HVO Coal Sales Pty Ltd shall pay the transaction amount to Yancoal Australia and Glencore no later than 3 business days after receiving payment from clients.

The 2021 annual transaction amount for coal purchase (on equity basis) of the Group from Glencore under HVO Sales Contract was USD750 million. In the first half of 2021, the connected transaction amount between the Group and Glencore was approximately USD234 million.

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

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

The 2021 annual cap for coal purchase of the Group from Glencore and its subsidiaries under the Glencore Coal Purchase Agreement was USD250 million. In the first half of 2021, the connected transaction amount between the Group and Glencore was approximately USD35 million.

③ Continuing connected/related transaction of coal sales service

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

The 2021 maximum annual transaction amount for service purchase of the Group from Glencore was USD18 million. In the first half of 2021, this connected/related transaction involved approximately USD5.34 million.

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

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

The 2021 annual cap for diesel fuel purchase of HV Operations from GAO was AUD180 million. In the first half of 2021, the connected transaction amount was approximately AUD 48 million.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

3. *Undisclosed events in extraordinary announcements*

Not applicable.

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

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

Not applicable

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

Not applicable

3. **Matters not disclosed in extraordinary announcement**

Not applicable

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

Not applicable

(III) Connected/Related Transactions in relation to Joint External Investment

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

Related transaction of the registered capital increase of Yankuang Finance Company

As reviewed and approved at the fifteenth meeting of the eighth session of the Board held on 27 August 2021, the Company entered into Yankuang Group Finance Co., Ltd. Capital Increase Agreement with Shandong Energy Group and Yankuang Finance Company. Pursuant to the Agreement, the Company and Shandong Energy will increase the registered capital of Yankuang Finance Company by RMB1,500 million in proportion to their respective shareholding interest in Yankuang Finance Company in cash (the "Capital Increase"), among which the Company will account for RMB1,450 million and Shandong Energy Group will account for RMB75 million.

For details, please refer to the announcement of the resolutions of the fifteenth meeting of the eighth session of the Board dated 27 August 2021, and the announcement of relevant connected/related transactions and insider information on the registered capital increase of Yankuang Finance Company. Such information was published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company's website and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.

The price per share of the Capital Increase is based on the latest audited net assets per share of Yankuang Finance Company, which is RMB1.3414 per share. Yanzhou Coal and Shandong Energy Group respectively paid RMB1.911495 billion and RMB100.605 million for the Capital Increase.

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

Not applicable

3. *Matters not disclosed in extraordinary announcement*

Not applicable

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

(IV) Credit and Debt Obligation among Connected parties

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

Not applicable.

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

Not applicable.

3. *Events not disclosed in extraordinary announcements*

Unit: RMB100 million

Connected parties	Relationship	Fund provided to connected parties			Fund provided to the Company		
		Balance at the beginning	Amount occurred	Closing balance	Balance at the beginning	Amount occurred	Closing balance
Shandong Energy Group	Controlling Shareholder	36.62	87.34	91.00	318.61	50.56	267.76
Glencore and its subsidiaries	Other related party	0	3.29	0	0	20.16	0
Total		36.62	90.63	91.00	318.61	70.72	267.76

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

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

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

1. *Deposit Business*

Unit: RMB100 million

Related Party	Relationship	Maximum	Deposit	Opening Balance	Current Period	Closing balance
		Daily Deposit Limit	Interest Rate Range			
Shandong Energy Group	Controlling Shareholder	/	0.30%-2.75%	177.50	11.66	189.16
Total	/	/	/	177.50	11.66	189.16

Note: The amount incurred in the current period is a net amount.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

2. Loan Business

Unit: RMB100 million

Related Party	Relationship	Maximum Daily Deposit Limit	Deposit Interest Rate Range	Opening Balance	Current Period	Closing balance
Shandong Energy Group	Controlling Shareholder	76.00	3.5%-4.35%	31.25	44.00	75.25
Total	/	76.00	/	31.25	44.00	75.25

Note: The amount incurred in the current period is a net amount.

3. Credit Business or Other Financial Business

Unit: RMB100 million

Related Party	Relationship	Business Type	Total Amount	Actual Amount
Shandong Energy Group	Controlling Shareholder	Acceptance, letter of guarantee, commercial undertaking and discounting, business opening on behalf of others	22.00	21.18

4. Other Explanations

As of the end of the reporting period, the balance of margin collected by Yankuang Finance Company for financial services provided by related parties was RMB119,497,609.66, and the margin portion did not account for the credit line.

(VI) Other Significant Connected/Related Transactions

Not applicable.

(VII) Others

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

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

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

XI. MATERIAL CONTRACTS AND PERFORMANCE

1. Trust, Contract or Lease

Not applicable.

2. Significant guarantees performed and outstanding during the reporting period

RMB: 0'000

Guarantor	Relationship between guarantor and the listed company	Guarantee	Amount	Date of guarantee (signed date)	Starting date of the guarantee	Maturity date of the guarantee	Type of guarantee	Principal debt	Collateral (if any)	Whether the guarantee has fulfilled or not	Overdue	Overdue amount	Counter-guarantee	Related-party guarantee or not
Inner Mongolia Mining	controlled subsidiary	Inner Mongolia Geological Mineral (Group) Co., Ltd.	24,000	30/9/2020	30/9/2021	30/9/2021	Joint liability guarantee	24,000	No	No	No	0	No	No (The guarantee will be released before the end of September 2021))
Inner Mongolia Mining	controlled subsidiary	Inner Mongolia Geological Exploration Co., Ltd.	40,000	25/9/2018	25/9/2023	25/9/2023	Joint liability guarantee	40,000	No	No	No	0	Yes	No
Total guarantee of the Company during the reporting period (excluding guarantees to the subsidiaries)														0
Total guarantee balance by the end of the reporting period (A) (excluding guarantees to the subsidiaries)														64,000
Guarantees to subsidiaries by the Company														
Total amount of guarantee to subsidiaries during the reporting period														905,695
Total balance of guarantee to subsidiaries by the end of the reporting period (B)														3,288,688
Total amount of guarantee of the Company (including guarantees to the subsidiaries)														
Total amount of guarantees(A+B)														3,352,688
Percentage of total amount of guarantee in the net assets of the Company (%)														60.39

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

Of which,	
Amount of guarantees to Shareholders, actual controllers and related parties (C)	0
Amount of guarantees directly or indirectly to guaranteed parties with a debts-to-assets ratio exceeding 70% (D)	1,320,325
Total amount of guarantee exceeding 50% of net assets (E)	576,620
Total amount of the above 3 categories guarantees (C+D+E)	1,896,945
Explanation on unexpired guarantee that may be subject to joint and several liability	
Guarantee explanations	1. The external guarantee occurred during the previous period and extended to the reporting period

As approved at the 2012 second extraordinary general meeting, the Company provided guarantees to Yancoal International Resources, for issuing USD1.0 billion corporate bonds in the overseas market. As at 30 June 2021, the balance of the above guarantee was USD104 million.

As approved at the 2016 annual general meeting, the Company provided guarantee of RMB30 million to Zhongyin Financial Leasing. As at 30 June 2021, the balance of the above guarantee was RMB30 million.

As reviewed 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 2021, the balance of the above guarantee was USD335 million.

As reviewed and approved at the 2018 annual general meeting, the Company provided guarantees to Yancoal International Holding, for issuing USD190 million corporate bonds. As at 30 June 2021, the balance of the above guarantee was USD190 million.

As reviewed and approved at the 2018 annual general meeting, the Company provided guarantees of RMB308 million to Zhongyin Financial Leasing Co., Ltd. As at 30 June 2021, the balance of the above guarantees was RMB308 million.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees to Yancoal Australia, for issuing USD1.275 billion corporate bonds. As at 30 June 2021, the balance of the above guarantee was USD1.25 billion.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees to Yancoal International Resources, for issuing USD500 million corporate bonds. As at 30 June 2021, the balance of the above guarantee was USD500 million.

As reviewed and approved by the 2019 annual general meeting, the Company provided guarantees of RMB1.8 billion for Qingdao Vast Lucky International Trade Co., Ltd.. As at 30 June 2021, the balance of the above guarantees was RMB1.8 billion.

As reviewed and approved by the 2019 annual general meeting of shareholders, the Company provided guarantees of RMB755 million to Qingdao Zhongyan. As at 30 June 2021, the balance of the above guarantees was RMB755 million.

As at 30 June 2021, Yancoal Australia and its subsidiaries provided a performance guarantee in an amount of AUD 845 million to its subsidiaries for their daily operation.

As considered and approved at the third meeting of the eighth session of the Board, the Company participated in the capital increase project and acquired 51% equity interests of Inner Mongolia Mining Group through public delisting in Inner Mongolia Property Rights Exchange Center. Before the completion of the transaction, Inner Mongolia Mining Group provided RMB400 million of guarantee to Inner Mongolia Geology Survey Co., Ltd. and provided RMB240 million of guarantee to Inner Mongolia Geology Mineral (Group) Co., Ltd. As at the disclosure date of the report, the above-mentioned guarantees have not been released.

As reviewed and approved at the 2021 first extraordinary general meeting of shareholders of the Company, Inner Mongolia Mining Group provided RMB549 million of guarantees to Ulanqab City Hongda Industry Co., Ltd. ("Hongda Industry"), and RMB425 million of guarantee to Ordos Fengweiguang Power Co., Ltd. ("Fengweiguang Power"), and RMB634 million of guarantees to Inner Mongolia Jinlian Aluminum Profile Co., Ltd. Fengweiguang Power provided RMB251 million of guarantees to Inner Mongolia Mining Group, and Hongda Industry provided RMB316 million to Inner Mongolia Mining Group. Shaanxi Future Energy provided RMB328 million of guarantee to Shaanxi Jingshen Railway Co., Ltd and RMB9 million of guarantees to Shaanxi Future Cleaning Chemicals Co., Ltd.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

2. Guarantees arising during the reporting period

As reviewed and approved at the 2019 annual general meeting of the Company, the Company provided guarantees to Qingdao Vast Lucky, Zhongyin Financial Leasing, Qingdao Zhongyan, Rongxin Chemicals, Yulin Neng Hua, Lunan Chemicals of RMB630 million, RMB1.999 billion, RMB1.60 billion, RMB1.331 billion, RMB1.2535 billion and RMB1.00 billion during the reporting period.

As approved at the 2020 annual general meeting of the Company, the Company provided guarantee to Shandong Zhongyin International Trade Co., Ltd. of RMB200 million during the reporting period.

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 AUD 215 million due to Yanzhou Coal's operational necessity.

Note: The table above is prepared in accordance with CAS and the exchange rates applied were USD1 = RMB6.4601 and AUD1 = RMB4.8528.

Save as disclosed above, the Company did not have other performed or unperformed guarantee contracts during the reporting period.

3. Other major contract

Not applicable.

4. Other major events

(1) Adjustment of Company Organization

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

For details, please refer to the announcement on the resolution of the ninth meeting of the eighth session of the Board held on 5 February 2021, which was posted on the websites of the Shanghai Stock Exchange, the HKEX and the Company, and/or on China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily in the PRC.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

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

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

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

(3) Strategic reorganization of the Controlling Shareholder

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

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

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

XVIII. EXPLANATION ON OTHER SIGNIFICANT EVENTS

(Prepared under the Hong Kong Listing Rules)

(I) Repurchase, Sold or Redemption of Listing Shares

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

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

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

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

(II) Remuneration Policy

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.

CHAPTER 6 SIGNIFICANT EVENTS – CONTINUED

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

(III) Auditor

As reviewed and approved at the 2020 annual general meeting held on 18 June 2021, the Company engaged Shine Wing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited as its domestic and overseas accountants, respectively, with an engagement term from the conclusion date of the 2020 annual general meeting to the conclusion date of the 2021 annual general meeting. Shine Wing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited are responsible for the financial statements auditing, examination and internal control audit evaluation of the Company for the year 2021.

The Company shall pay RMB9.9 million for the domestic and overseas audit services of 2021, including RMB7.9 million for domestic service to Shine Wing Certified Public Accountants (special general partnership) and RMB2 million for overseas service to SHINEWING (HK) CPA Limited. Except the accountants' on-site accommodation and meal expenses during their work in the Company, the Company borne no other related expenses such as traveling expenses. The Board was authorized to decide the payment for increased follow-up audit, internal control audit and other services due to the Company's new subsidiaries or changes of regulations.

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

According to Chapter 588 of the Laws of Hong Kong "Financial Reporting Council Ordinance" (effective from 1 October 2019), the Company's 2021 accountant ShineWing (Hong Kong) Certified Public Accountants Co., Ltd. is a registered public interest entity auditor.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS

I. CHANGES IN CAPITAL SHARES

(I) Table of Changes in Ordinary Shares

1. Table of changes in ordinary shares

Unit: Share(s)

	Before change		Increase/Decrease (+,-)		After change	
	Shares	Percentage (%)	new shares	Sub-total	Shares	Percentage (%)
I. Listed shares with restricted moratorium	0	0	0	0	0	0
1. State shareholding	0	0	0	0	0	0
2. Shareholding by state-owned legal person	0	0	0	0	0	0
3. Other domestic shareholding	0	0	0	0	0	0
Including: domestic shareholding by non-state-owned legal person	0	0	0	0	0	0
domestic natural person shareholding	0	0	0	0	0	0
4. Foreign shareholding	0	0	0	0	0	0
Including: foreign legal person shareholding	0	0	0	0	0	0
foreign natural person shareholding	0	0	0	0	0	0
II. Shares without trading moratorium	4,860,000,000	100	14,184,060	14,184,060	4,874,184,060	100
1. A Shares	2,960,000,000	60.91	14,184,060	14,184,060	2,974,184,060	61.02
2. Foreign shares domestically-listed	0	0	0	0	0	0
3. Foreign shares listed overseas	1,900,000,000	39.09	0	0	1,900,000,000	38.98
4. Others	0	0	0	0	0	0
III. Total share capital	4,860,000,000	100	14,184,060	14,184,060	4,874,184,060	100

Note: According to the “Issuer’s Share Capital Structure” issued by China Securities Depository and Clearing Co., LTD., as at 31 December 2020, the A share capital of the Company was 2,960,000,000 shares, all of which were shares without trading moratorium. As at 30 June 2021, the A share capital of the Company was 2,974,184,060 shares, all of which were shares without trading moratorium.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

2. *Explanation on changes in ordinary shares*

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

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

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

Not applicable.

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

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

(II) Changes in Shares with Restricted Moratorium

Not applicable.

II. SHAREHOLDERS

(I) Total Number of the Shareholders

Total number of shareholders as at 30 June 2021	49,335
Total number of preferred shareholders with resumed voting right by the end of the reporting period	0

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

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

Unit: share(s)

Name of shareholders (full name)	Increase/ decrease during the reporting period	Shareholdings of the top ten Shareholders			Number of pledged or locked shares		Nature of Shareholders
		Number of shares held at the end of the Reporting Period	Percentage holding of the total share capital (%)	Number of shares held subject to trading moratorium	Status of shares	Number of shares	
Shandong Energy Group Co., LTD.	-4,122,135	2,263,047,288	46.43	0	No	0	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited	507,600	1,896,180,803	38.90	0	Unknown	0	Overseas legal person
Hong Kong Securities Clearing Company Limited	376,197	77,427,616	1.59	0	No	0	Overseas legal person
China Merchants Bank Co., Ltd- Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	19,706,734	51,803,176	1.06	0	No	0	Other
Agricultural Bank of China-GF balanced preferred hybrid securities investment fund	44,685,413	44,685,413	0.92	0	No	0	Other
Industrial Bank CO., LTD-GF Stable preferred six-month holding period of hybrid securities investment funds	23,250,253	23,250,253	0.48	0	No	0	Other
Industrial and Commercial Bank of China-GF value advantage hybrid securities investment fund	18,618,933	18,618,933	0.38	0	No	0	Other
Industrial and Commercial Bank of China-GF multi-factor flexible distribution hybrid securities investment fund	12,271,345	12,271,345	0.25	0	No	0	Other
Industrial and Commercial Bank of China-China and Europe value intelligent return hybrid securities investment fund	11,625,691	11,625,691	0.24	0	No	0	Other
Central Huijin Assets Management Co., Ltd.	-7,858,800	11,496,300	0.24	0	No	0	State-owned legal person

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Top ten Shareholders holding tradable shares not subject to trading moratorium

Name of Shareholders	Number of tradable shares held not subject to trading moratorium at the end of the Reporting Period	Class and number of shares held	
		Class of shares	Number of shares
Shandong Energy Group Co., LTD.	2,263,047,288	A Shares	2,263,047,288
Hong Kong Securities Clearing Company (Nominees) Limited	1,896,180,803	H Shares	1,896,180,803
Hong Kong Securities Clearing Company Limited	77,427,616	A Shares	77,427,616
China Merchants Bank Co., Ltd-Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	51,803,176	A Shares	51,803,176
Agricultural Bank of China-GF balanced preferred hybrid securities investment fund	44,685,413	A Shares	44,685,413
Industrial Bank CO., LTD-GF Stable preferred six-month holding period of hybrid securities investment funds	23,250,253	A Shares	23,250,253
Industrial and Commercial Bank of China-GF value advantage hybrid securities investment fund	18,618,933	A Shares	18,618,933
Industrial and Commercial Bank of China-GF multi-factor flexible distribution hybrid securities investment fund	12,271,345	A Shares	12,271,345
Industrial and Commercial Bank of China-China and Europe value intelligent return hybrid securities investment fund	11,625,691	A Shares	11,625,691
Central Huijin Assets Management Co., Ltd.	11,496,300	A Shares	11,496,300
Explanations on repurchase of special shares by the top 10 shareholders	Not applicable.		
Explanations on voting proxy, entrusted voting and abstention by the above shareholders	Not applicable.		

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Related relationship or Acting-in- Yankuang Group (Hong Kong) Company Limited, a wholly-owned subsidiary of Yankuang concert relationship among the Group (“Yankuang Hong Kong”) held 455 million H shares of the Company through Hong Kong above Shareholders Securities Clearing Company (Nominees) Limited.

Agricultural Bank of China-GF balanced preferred hybrid securities investment fund, Industrial Bank CO., LTD-GF Stable preferred six-month holding period of hybrid securities investment funds, Industrial and Commercial Bank of China-GF value advantage hybrid securities investment fund and Industrial and Commercial Bank of China-GF multi-factor flexible distribution hybrid securities investment fund are all managed by GF Fund Management Co., Ltd.

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

Illustration of holders of preferred Not applicable.
shares with resumed voting
rights and the number
of shares held by them

Notes:

1. All the information above, including “Total number of Shareholders” and “The top ten Shareholders and the top ten Shareholders holding tradable shares of the Company which are not subject to trading moratorium at the end of the Reporting Period”, is prepared in accordance with the registers of the Shareholders provided by the Shanghai Branch of China Securities Depository and Clearing Co., Ltd., Hong Kong Securities Registration Co., Ltd as well as actual conditions of the renamed controlling shareholder-Shandong Energy Group.
2. As the clearing and settlement agent for the Company’s H shares, Hong Kong Securities Clearing Company (Nominees) Limited holds the Company’s H shares in the capacity of a nominee.
3. The exchangeable corporate bond of the controlling shareholder of the Company, 18 YAN01EB approximately transferred 4,122,135 shares, approximately 0.08% of the total share capital, during the reporting period.
4. As at 30 June 2021, Shandong Energy Group held a total of 2,263,047,288 A shares of the Company, including 1,875,662,151 A shares held by its own account, and 387,385,137 A shares held by the guarantees and trust account jointly opened with CITIC Securities Co., Ltd. The aforementioned guarantees and trust account provide guarantees for the exchangeable corporate bonds issued by Shandong Energy Group. The Controlling Shareholder held 454,989,000 H shares through Yankuang Hong Kong. The Controlling Shareholder directly and indirectly holds 55.76% shares of the Company.
5. As at the disclosure date of this report, the guarantees and trust account jointly opened by Shandong Energy Group and CITIC Securities Co., Ltd. has cancelled registration of guarantee and trust, and 387,385,137 A shares held by such account has transferred to Shandong Energy Group.

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

Not applicable.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

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

Not applicable.

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

As far as the Directors are aware, save as disclosed below, as at 30 June 2021, other than the Directors, Supervisors or chief executives of the Company, there were no other persons who were substantial shareholders of the Company or had interests or short positions in the shares or underlying shares of the Company, which should (i) be disclosed pursuant to Sections 2 and 3 under Part XV of the Securities and Futures Ordinance ("SFO"); (ii) be recorded in the register to be kept pursuant to Section 336 of the SFO; or (iii) notify the Company and the Hong Kong Stock Exchange in other ways.

Name of Substantial Shareholders	Class of Shares	Capacity	Number of Shares Held (shares)	Nature of Interest	Percentage in the H Share Capital of the Company	Percentage in Total Share Capital of the Company
Shandong Energy Group	A Shares (State-owned legal person shares)	Beneficial owner	2,263,047,288	Long position	–	46.43%
		Beneficial owner	387,385,137	Short position	–	7.95%
Shandong Energy Group ^①	H Shares	Interest of controlled corporations	454,989,000	Long position	23.95%	9.33%
BNP Paribas Investment Partners SA	H Shares	Investment manager	117,641,207	Long position	6.19%	2.41%

Note:

- ① Yankuang (Hong Kong) Co., Ltd. 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 the actual conditions of renamed Controlling Shareholder-Shandong Energy Group.

III. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Unit: Shares

Name	Title	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/decrease of shareholding during the reporting period	Reasons for increase/decrease
Li Wei	Director	10,000	10,000	0	–
Liu Jian	Director	0	85,800	85,800	Exercise option
Xiao Yaomeng	Director	0	49,500	49,500	Exercise option
Zhu Qingrui	Director	0	0	0	–
Zhao Qingchun	Director	0	85,800	85,800	Exercise option
Wang Ruolin	Director	0	49,500	49,500	Exercise option
Huang Xiaolong	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	–
Zhou Hong	Supervisor	0	0	0	–
Li Shipeng	Supervisor	0	0	0	–
Zhu Hao	Supervisor	0	0	0	–
Qin Yanpo	Supervisor	0	0	0	–
Su Li	Supervisor	0	0	0	–
Zheng Kai	Supervisor	0	0	0	–
Gong Zhijie	Senior management	0	85,800	85,800	Exercise option
Zhang Yanwei	Senior management	0	0	0	–
Zhang Chuanchang	Senior management	0	0	0	–
Wang Chunyao	Senior management	0	49,500	49,500	Exercise option
Tian Zhaohua	Senior management	0	49,500	49,500	Exercise option
Zhang Lei	Senior management	0	0	0	–
Li Xiyong	Director(Resigned)	10,000	10,000	0	–
Wu Xiangqian	Director(Resigned)	10,000	162,600	152,600	Exercise option/ shareholding increase
He Jing	Director(Resigned)	0	85,800	85,800	Exercise option
Gu Shisheng	Supervisor(Resigned)	12,800	12,800	0	–
Wang Peng	Senior management(Resigned)	0	49,500	49,500	Exercise option
Li Wei	Senior management(Resigned)	0	49,500	49,500	Exercise option
Jin Qingbin	Senior management(Resigned)	0	85,800	85,800	Exercise option

Note:

Information on changes in shareholding of current and resigned directors, supervisors and senior management are provided by China Securities Depository and Clearing Limited Shanghai Branch.

CHAPTER 7 CHANGES IN ORDINARY SHARES AND SHAREHOLDERS – CONTINUED

Other explanations

Not applicable.

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

Unit: Shares

Name	Title	Number of A Share options held at the beginning of the reporting period	Number of New A Share options granted during the reporting period	Exercisable A Share options during reporting period	A Share options exercised during the reporting period	Number of A Share options held at the end of the reporting period
Liu Jian	Director	260,000	0	85,800	85,800	174,200
Xiao Yaomeng	Director	150,000	0	49,500	49,500	100,500
Zhao Qingchun	Director	260,000	0	85,800	85,800	174,200
Wang Ruolin	Director	150,000	0	49,500	49,500	100,500
Gong Zhijie	Senior management	260,000	0	85,800	85,800	174,200
Wang Chunyao	Senior management	150,000	0	49,500	49,500	100,500
Tian Zhaohua	Senior management	150,000	0	49,500	49,500	100,500
Wu Xiangqian	Director (Resigned)	320,000	0	105,600	105,600	214,400
He Jing	Director (Resigned)	260,000	0	85,800	85,800	174,200
Wang Peng	Senior management (Resigned)	150,000	0	49,500	49,500	100,500
Li Wei	Senior management (Resigned)	150,000	0	49,500	49,500	100,500
Jin Qingbin	Senior management (Resigned)	260,000	0	85,800	85,800	174,200
Total	/	2,520,000	0	831,600	831,600	1,688,400

Note: From the end of the reporting period to the disclosure date of this report, the Company adjusted the Directors, Supervisors and senior management of the Company. The information set out above is based on the positions of the Directors, Supervisors and senior management using the information obtained at the date of disclosure.

(III) Other Explanation

Not applicable.

IV. CHANGES IN CONTROLLED SHAREHOLDER OR ACTUAL CONTROLLER

Not applicable.

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

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

(I) Enterprise Bonds

Not applicable.

(II) Corporate Bonds

1. Basic information of corporate bonds

Name	Abbreviation	Code	Issue date	Interest starting date	Maturity date	Balance	Interest rate (%)	Way to repay principal and interest	Trade place	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2012 Corporate Bond of Yanzhou Coal (first tranche)	12YanzhouCoal02	122168	23/7/2012	23/7/2012	23/7/2022	40	4.95	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2012 Corporate Bond of Yanzhou Coal (second tranche)	12YanzhouCoal04	122272	3/3/2014	3/3/2014	3/3/2024	30.5	6.15	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond of Yanzhou Coal (first tranche)	20 YanzhouCoal 01	163234	10/3/2020	12/3/2020	12/3/2023	3	2.99	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond of Yanzhou Coal (first tranche)	20 YanzhouCoal 02	163235	10/3/2020	12/3/2020	12/3/2025	27	3.43	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond of Yanzhou Coal (first tranche)	20 YanzhouCoal 03	163236	10/3/2020	12/3/2020	12/3/2030	20	4.29	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond of Yanzhou Coal (second tranche) ^①	20 YanzhouCoal 04	175274	21/10/2020	23/10/2020	23/10/2035	35	3.89	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2020 Corporate Bond of Yanzhou Coal (second tranche) ^②	20 YanzhouCoal 05	175275	21/10/2020	23/10/2020	23/10/2030	15	4.27	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No

CHAPTER 8 BONDS – CONTINUED

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

Name	Abbreviation	Code	Issue date	Interest starting date	Maturity date	Balance	Interest rate (%)	Way to repay principal and interest	Trade place	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2021 Corporate Bond of Yanzhou Coal (first tranche)	21 YanzhouCoal 01	188163	28/5/2021	31/5/2021	31/5/2024	30	3.74	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Corporate Bond of Yanzhou Coal (first tranche)	21 YanzhouCoal 02	188164	28/5/2021	31/5/2021	31/5/2026	10	4.13	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Renewable Corporate Bond of Yanzhou Coal (first tranche) ^③	21 YanzhouCoal Y1	188285	21/6/2021	22/6/2021/	22/6/2023	17	3.99	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Renewable Corporate Bond of Yanzhou Coal (first tranche) ^③	21 YanzhouCoal Y2	188286	21/6/2021	22/6/2021	22/6/2024	33	4.40	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No
2021 Renewable Corporate Bond of Yanzhou Coal (second tranche) ^③	21 Yanzhou Coal Y4	188613	19/8/2021	20/8/2021	20/8/2024	10	3.54	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Shanghai Stock Exchange	Qualified investors	Bidding, quotation, inquiry and transaction agreement	No

Notes:

- 2020 Corporate Bond of Yanzhou Coal (second tranche) (type 1) is a 15-year-fixed interest rate bond and every three interest bearing years are regarded as one term. At the end of each term, the Company has the right to choose to adjust the coupon rate for the later maturity of the current bond and the investors have the right to sell the bond back to the Company at the end of each term.
- 2020 Corporate Bond of Yanzhou Coal (second tranche) (type 2) is a 10-year-fixed interest rate bond. At the end of the fifth interest-bearing year, the Company has the right to choose to adjust the coupon rate for the later maturity of the current bond and the investors have the right to sell the bond back to the company.
- For 2021 Renewable Corporate Bond of Yanzhou Coal (first tranche) (type 1), every two interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by two years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.
- For 2021 Renewable Corporate Bond of Yanzhou Coal (first tranche) (type 2), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.
- For 2021 Renewable Corporate Bond of Yanzhou Coal (second tranche), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond placing by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.

CHAPTER 8 BONDS – CONTINUED

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

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

Not applicable.

Overdue debt

Not applicable.

Explanation on overdue debts

Not applicable.

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

Not applicable.

3. *Adjustments on credit rating results*

Not applicable.

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

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

5. *Other explanations on corporate bonds*

Not applicable.

CHAPTER 8 BONDS – CONTINUED

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

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

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

Name	Abbreviation	Code	Issue date	Interest starting date	Maturity date	Balance	Interest rate (%)	Way to repay capital and interest	Trade place	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2018 Medium Term Note of Yanzhou Coal (second tranche)	18 Yanzhou Coal MTN002	101801189	19/10/2018	23/10/2018	23/10/2021	30	4.39	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2021 Super-short financing bonds of Yanzhou Coal (first tranche)	21 Yanzhou Coal SCP001	012100979	11/3/2021	15/3/2021	11/9/2021	20	3.20	the entire principal and interest repaid at one time at maturity	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2021 Super-short financing bonds of Yanzhou Coal (second tranche)	21 Yanzhou Coal SCP002	012101622	21/4/2021	23/4/2021	20/10/2021	20	3.20	the entire principal and interest repaid at one time at maturity	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2021 Medium Term Note of Yanzhou Coal (first tranche)	21 Yanzhou Coal MTN001	102101379	22/7/2021	26/7/2021	26/7/2026	20	3.80	interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No
2021 Super-short financing bonds of Yanzhou Coal (third tranche)	21 Yanzhou Coal SCP003	012102894	9/8/2021	11/8/2021	8/5/2022	30	2.80	the entire principal and interest repaid at one time at maturity	Interbank bond market	The institutional investors from the interbank bond market	Circulation and transfer at the national interbank bond market	No

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

Not applicable.

Overdue debt

Not applicable.

Explanation on overdue debts

Not applicable.

CHAPTER 8 BONDS – CONTINUED

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

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

Not applicable.

3. *Adjustments on credit rating results*

Not applicable.

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

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

5. *Other explanations*

Not applicable.

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

Not applicable.

CHAPTER 8 BONDS – CONTINUED

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

(V) Key Financial Data and Indicators

Unit: RMB0'000

Main indicators	As at	As at	Increase/ Decrease at the end of the reporting period compared with the end of the previous year (%)
	30 June 2021	31 December 2020	
Current ratio	0.66	0.57	15.79
Liquidity ration	0.52	0.46	13.04
Debt-to-assets ratio (%)	69.76	69.19	0.57 percentage points

	January to	January to	Increase/ Decrease for the reporting period compared with that the same period of the previous year (%)
	June 2021	June 2020	
Net profit deducting extraordinary gains or losses	607,126	297,204	104.28
Total debt to EBITDA ratio	7.15	5.30	34.91
Interest coverage ratio	4.23	6.24	-32.21
Cash interest coverage ratio	2.89	4.59	-37.04
EBITDA interest coverage ratio	6.59	9.60	-31.35
Loan repayment ratio (%)	100	100	0
Interest coverage ratio (%)	100	100	0

II. CONVERTIBLE CORPORATE BONDS

Not applicable.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTES	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Gross sales of coal		30,954,186	33,497,673
Railway transportation service income		158,875	183,807
Gross sales of electricity power		917,992	321,518
Gross sales of methanol		2,164,591	1,215,949
Gross sales of heat supply		385,467	20,818
Gross sales of equipment manufacturing		161,656	85,065
Gross sales of chemical products		7,930,737	–
Total revenue		42,673,504	35,324,830
Transportation costs of coal		(1,838,257)	(1,745,601)
Cost of sales and service provided		(20,027,020)	(24,632,046)
Cost of electricity of power		(861,950)	(236,004)
Cost of methanol		(1,431,355)	(855,535)
Cost of heat supply		(415,203)	(12,917)
Cost of equipment manufacturing		(138,827)	(66,332)
Cost of chemical products		(4,968,658)	–
Total cost of sales		(29,681,270)	(27,548,435)
Gross profit		12,992,234	7,776,395
Selling, general and administrative expenses		(4,946,114)	(3,839,730)
Share of profits of associates		1,050,034	793,323
Share of losses of joint ventures		(92,263)	(177,656)
Other income and gains		1,367,576	4,794,116
Finance costs	5	(2,384,168)	(1,405,248)
Profit before tax	6	7,987,299	7,941,200
Income taxes expenses	7	(1,386,316)	(1,585,800)
Profit for the period		6,600,983	6,355,400
Attributable to:			
Equity holders of the Company		6,277,804	4,548,656
Owners of perpetual capital securities		49,567	295,750
Non-controlling interests			
– Perpetual capital securities		–	58,997
– Other		273,612	1,451,997
		6,600,983	6,355,400
Earnings per share, basic and diluted	9	RMB1.29	RMB0.93

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 2021

	NOTES	Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Profit for the period		6,600,983	6,355,400
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")		(56)	(46)
Income tax relating to item that will not be reclassified subsequently		14	12
		(42)	(34)
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
Cash flow hedge reserve recognised in other comprehensive income		(440,802)	(112,938)
Reclassification adjustments for amounts transferred to income statement (included in revenue)		86,024	237,577
Deferred taxes		106,434	(35,095)
		(248,345)	89,544
Share of other comprehensive income of associates		20,697	24,879
Exchange difference arising on translation of foreign operations		(1,132,902)	(258,364)
Total comprehensive income for the period		5,240,391	6,211,425
Attributable to:			
Equity holders of the Company		5,336,840	4,474,080
Owners of perpetual capital securities		49,567	295,750
Non-controlling interests			
– Perpetual capital securities		–	58,997
– Other		(146,016)	1,382,598
		5,240,391	6,211,425

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	NOTES	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Current assets			
Bank balances and cash	10	22,207,676	17,116,460
Pledged term deposits	10	260	1,010,256
Restricted cash	10	4,768,836	6,415,643
Bills and accounts receivables	11	9,295,642	7,291,455
Long term receivables – due within one year		3,234,615	1,763,523
Royalty receivable		84,038	97,935
Inventories		8,562,061	7,113,633
Prepayments and other receivables	12	21,007,635	16,684,986
Derivative financial instruments		50,926	50,356
		69,211,689	57,544,247
Assets classified as held for sale		8,298	8,578
		69,219,987	57,552,825
Non-current assets			
Intangible assets		70,496,423	72,714,205
Property, plant and equipment	13	65,948,370	65,516,221
Right-of-use assets	14	7,452,337	5,365,499
Investment properties		1,390,345	1,389,163
Construction in progress		17,389,151	20,635,959
Prepayment for property, plant and equipment		20,663,143	20,666,014
Goodwill		1,743,440	1,754,149
Investments in securities		486,273	444,613
Interests in associates		19,635,820	18,580,156
Interests in joint ventures		341,577	445,411
Long term receivables – due after one year		4,995,195	4,720,330
Royalty receivable		966,933	1,009,562
Deposits made on investments		117,926	178,055
Deferred tax assets		2,286,329	2,037,096
		213,913,262	215,456,433
Total assets		283,133,249	273,009,258

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

AS AT 30 JUNE 2021

	NOTES	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Current liabilities			
Bills and accounts payables	15	18,499,563	21,812,134
Other payables and accrued expenses		40,639,008	41,800,325
Contract liabilities		3,959,228	3,176,540
Provision for land subsidence, restoration, rehabilitation and environmental costs	16	7,550	13,129
Amounts due to Parent Company and its subsidiary		1,544,822	2,111,472
Borrowings – due within one year	17	37,302,579	31,382,126
Long term payables – due within one year		2,315	3,174
Provision		55,175	61,114
Derivative financial instruments		153,450	231,971
Lease liabilities	14	757,790	955,963
Tax payable		903,810	1,028,274
		103,825,290	102,576,222
Non-current liabilities			
Borrowings – due after one year	17	65,026,839	60,880,818
Deferred tax liabilities		8,827,449	8,458,913
Provision for land subsidence, restoration, rehabilitation and environmental costs	16	3,686,116	3,410,120
Provision		1,049,313	1,047,780
Lease liabilities	14	3,725,544	1,634,000
Long term payables – due after one year		3,559,143	2,918,195
		85,874,404	78,349,826
Total liabilities		189,699,694	180,926,048
Capital reserves			
Share capital	18	4,874,184	4,860,000
Reserves	18	54,395,166	53,034,751
Equity attributable to equity holders of the Company		59,269,350	57,894,751
Owners of perpetual capital security	19	4,994,404	5,217,667
Non-controlling interests – Others		29,169,801	28,970,792
		93,433,555	92,083,210
Total liabilities and equity		283,133,249	273,009,258

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to equity holders of the Company										Non-controlling interests				
	Share capital	Share premium	Capital reserve	Share option reserve	Future development fund	Statutory reserve	Translation reserve	Investment revaluation reserve	Cash flow hedge reserve	Retained earnings	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	
	(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)	-	-	-	-	-	-	-	-	-	4,548,656	4,548,656	295,750	58,997	1,451,997	6,355,400
- Other comprehensive income (expenses)															
- 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	-	-	-	-	-	-	-	-	-	-	-	(3,417,351)	-	(3,417,351)	
- Capital contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	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	-	-	-	-	-	(2,818,800)	(3,097,142)	(299,986)	(3,476,348)	(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)	47,606,962	55,496,738	10,307,375	-	18,345,581	84,149,694

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Attributable to equity holders of the Company											Perpetual Capital Securities issued by the Company	Non- controlling interests – Others	Total	
	Share capital	Share premium	Capital reserve	Share option reserve	Future development fund	Statutory common reserve fund	Translation reserve	Investment revaluation reserve	Cash flow hedge reserve	Retained earnings	Total				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 18)				(note 18)					(note 18)		(note 19)			
At 1 January 2021 (audited)	4,860,000	2,735,364	(766,667)	64,451	969,450	7,367,074	(6,212,741)	252,963	(243,542)	48,868,399	57,894,751	5,217,667	28,970,792	92,083,210	
Profit for the period (unaudited)	-	-	-	-	-	-	-	-	-	6,277,804	6,277,804	49,567	273,612	6,600,983	
Other comprehensive income (expenses)															
- Fair value change of financial assets at FVTOCI	-	-	-	-	-	-	-	(42)	-	-	(42)	-	-	(42)	
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	20,697	-	-	20,697	-	-	20,697	
- Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	(154,620)	-	(154,620)	-	(83,725)	(248,345)	
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(806,999)	-	-	-	(806,999)	-	(325,903)	(1,132,902)	
Total comprehensive income for the period (unaudited)	-	-	-	-	-	-	(806,999)	20,655	(154,620)	6,277,804	5,336,840	49,567	(146,016)	5,240,391	
Transactions with owners (unaudited)															
- Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	5,000,000	-	5,000,000	
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(272,830)	-	(272,830)	
- Issue of shares upon exercise of share option	14,184	131,118	-	(31,347)	-	-	-	-	-	(7,291)	106,664	-	-	106,664	
- Recognition of equity-settled share based payments	-	-	-	11,103	-	-	-	-	-	-	11,103	-	1,511	12,614	
- Transaction with non-controlling interests	-	-	140,713	-	-	-	-	-	-	-	140,713	-	(52,594)	88,119	
- Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(5,000,000)	-	(5,000,000)	
- Deemed contribution	-	-	653,463	-	-	-	-	-	-	-	653,463	-	396,108	1,049,571	
- Dividend	-	-	-	-	-	-	-	-	-	(4,874,184)	(4,874,184)	-	-	(4,874,184)	
Transactions with owners (unaudited)	14,184	131,118	794,176	(20,244)	-	-	-	-	-	(4,881,475)	(3,982,241)	(272,830)	345,025	(3,890,046)	
At 30 June 2021 (unaudited)	4,874,184	2,866,482	27,509	44,207	969,450	7,367,074	(7,019,740)	273,618	(398,162)	50,264,728	59,269,350	4,994,404	29,169,801	93,433,555	

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
NET CASH FROM OPERATING ACTIVITIES	5,268,317	5,884,727
INVESTING ACTIVITIES		
Withdrawal (placement) of restricted cash	1,646,807	(2,417,321)
Withdrawal of term deposits	1,009,996	–
Investment in associate	(95,470)	(4,800)
Purchase of intangible assets	(85,402)	(916,070)
Purchase of property, plant and equipment and construction in progress	(2,857,305)	(2,074,214)
Proceeds on disposal of property, plant and equipment	95,381	1,288,490
Proceeds on disposal of right of use assets	–	22,143
Decrease (increase) in deposit for acquisition of property, plant and equipment	2,871	(31,329)
Dividend income received from associates	26,647	283,074
Increase in long term receivables	(5,112,167)	(1,600,456)
Settlement of payables for acquisition of subsidiaries	(8,500,089)	–
Net cash outflow arising on acquisition of additional interest in a joint operation	–	(506,651)
Other investing activities	20,165	–
NET CASH USED IN INVESTING ACTIVITIES	(13,848,566)	(5,957,134)

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
FINANCING ACTIVITIES		
Distribution paid to holders of perpetual capital securities and subordinated capital notes	(272,830)	(358,983)
Dividend paid to non-controlling shareholders	–	(549,474)
Dividends paid	–	(1,917,482)
Interest expenses on lease liabilities	(20,623)	(11,435)
Payment of lease liabilities	(474,088)	(271,349)
Proceeds from issuance (payment of repurchase) of shares	106,664	(298,757)
Proceeds from borrowings	17,493,340	21,696,836
Proceeds from sale-leaseback transaction	2,181,481	(13,133,691)
Proceeds from issuance of perpetual capital securities	5,000,000	–
Repayments of borrowings	(5,554,024)	(13,133,691)
Proceeds from issuance of guaranteed notes	3,990,300	–
Repayment of guaranteed notes	(5,060,439)	–
Redemption of perpetual capital securities	(5,000,000)	(3,443,486)
Increase (decrease) in customers' deposits for financing business received	820,352	(6,238,740)
Contribution from non-controlling interests	88,119	26,772
NET CASH FROM (USED IN) FINANCING ACTIVITIES	13,298,252	(4,499,789)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,718,003	(4,572,196)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF THE PERIOD	17,116,460	22,789,951
Effect of foreign exchange rate	373,213	(644,406)
CASH AND CASH EQUIVALENTS, AT END OF THE PERIOD, represented by bank balances and cash	22,207,676	17,573,349

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2021

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, equipment manufacturing and chemical products.

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

2. BASIS OF PREPARATION

The condensed interim consolidated financial information of the Company and its subsidiaries (collectively as the “Group”) for the six months ended 30 June 2021 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 2020. 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 2020, 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 2021.

Amendment to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

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 Company does not currently have direct export rights in the PRC and all of its export sales is made through China National Coal Industry Import and Export Corporation ("National Coal Corporation"), Minmetals Trading Co., Ltd. ("Minmetals Trading") or Shanxi Coal Imp. & Exp. Group Corp. ("Shanxi Coal Corporation"). The final customer destination of the Company's export sales is determined by the Company, National Coal Corporation, Minmetals Trading or Shanxi Coal Corporation. The exploitation right of the Group's foreign subsidiaries is not restricted. Certain of the Company's subsidiaries and associates are engaged in manufacturing and trading of mining machinery and transportation business via rivers and lakes. 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 provision of 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. In addition, the Group also expanded into sales of chemical products since late 2020, and which became a new reportable segment in the current interim period.

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 five operating divisions-coal mining, coal railway transportation, methanol, electricity and heat supply, equipment manufacturing and chemical products. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:

Coal mining	–	Underground and open-cut mining, preparation and sales of coal and potash mineral exploration
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
Chemical products	–	Production and sales of chemical products

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

4. SEGMENT INFORMATION – CONTINUED

(a) Segment revenues and results

Segment information about these businesses is presented below:

	For the six months ended 30 June 2021							
	Coal mining	Coal railway transportation	Methanol, and heat supply	Equipment manufacturing	Chemical products	Unallocated	Eliminations	Consolidated
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
SEGMENT REVENUE								
External	30,954,186	158,875	3,468,050	161,656	7,930,737	-	-	42,673,504
Inter-segment	3,413,393	-	38,674	534,107	5,650,992	-	(9,637,166)	-
Total	34,367,579	158,875	3,506,724	695,763	13,581,729	-	(9,637,166)	42,673,504
RESULTS								
Segment results	6,427,347	45,057	625,797	22,829	2,962,079	-	-	10,083,109
Unallocated corporate expenses	-	-	-	-	-	-	-	(1,494,002)
Unallocated corporate income	-	-	-	-	-	-	-	664,403
Interest income	-	-	-	-	-	-	-	160,186
Share of profits of associates	26,342	28,134	46,902	-	-	948,656	-	1,050,034
Share of losses of joint ventures	(92,263)	-	-	-	-	-	-	(92,263)
Finance costs	-	-	-	-	-	-	-	(2,384,168)
Profit before tax								7,987,299
Income taxes expenses								(1,386,316)
Profit for the period								6,600,983

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

4. SEGMENT INFORMATION – CONTINUED

(a) Segment revenues and results – CONTINUED

	For the six months ended 30 June 2020						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	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 profits 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

5. FINANCE COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest expenses on:		
– Bank and other borrowings	2,564,648	1,635,628
– Lease liabilities	20,623	11,435
	2,585,271	1,647,063
Less: interest expenses capitalised into construction in progress	(201,103)	(241,815)
	2,384,168	1,405,248

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2021	2020
	RMB'000 (unaudited)	RMB'000 (unaudited)
Profit before tax has been arrived at after charging (crediting):		
Amortisation of intangible assets	1,407,525	972,157
Depreciation of property, plant and equipment	3,063,571	2,817,989
Depreciation of right-of-use assets	305,944	113,113
Interest income	(160,186)	(457,184)
Gain on acquisition of additional interest in a joint operation	–	(3,183,312)
Gain on disposal of a subsidiary	(124,238)	–
Fair value gain on financial assets at fair value through profit or loss	(570)	(10,150)
(Gain) loss on disposal of property, plant and equipment, net	(30,291)	1,287
(Reversal of) provision for impairment loss recognised in respect of inventories	(48,233)	53,148
Exchange gain, net	(352,415)	(120,310)
Provision of impairment loss on accounts and other receivables	173,257	588,888

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

7. INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Income taxes:		
Current taxes	1,231,677	1,852,354
Deferred taxes	154,639	(266,554)
	1,386,316	1,585,800

8. DIVIDEND

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Final dividend approved, RMB1.00 (2020: RMB0.58) per share	4,874,184	2,818,800

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

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 2021 is based on the profit for the period of approximately RMB6,398,139,000 (2020: approximately RMB4,548,656,000) and on the weighted average of 4,866,860,000 shares (2020: 4,901,760,000 shares) in issue during the six months ended 30 June 2021 and 2020 respectively.

For the purpose of computation of diluted earnings per share for the six months ended 30 June 2021, the Company had taken into consideration the dilutive effects of the share options issued by the Company (2020: share options issued by the Company and shares issuable under the share incentive scheme of a non-wholly-owned listed subsidiary). The diluted earnings per share for the six months ended 30 June 2021 and 2020 approximate the basic earnings per share. The shares issuable under the share incentive scheme of a non-wholly-owned listed subsidiary had an anti-dilutive effect on the Company's earnings per share for the six months ended 30 June 2021.

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.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

11. BILLS AND ACCOUNTS RECEIVABLES

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Accounts receivables	5,780,364	4,479,924
Less: Impairment loss	(511,416)	(500,704)
	5,268,948	3,979,220
Bills receivables	4,027,242	3,312,609
Less: Impairment loss	(548)	(374)
	9,295,642	7,291,455
Total bills and accounts receivables, net	9,295,642	7,291,455

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

At as 30 June 2021, the gross amount of bills and accounts receivable arising from contracts with customers amounted to approximately RMB9,807,606,000 (31 December 2020: RMB7,792,533,000).

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

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 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
0-90 days	3,818,513	4,016,269
91-180 days	2,495,682	1,499,849
181-365 days	1,304,135	1,260,276
Over 1 year	1,677,312	515,061
	9,295,642	7,291,455

The Group does not hold any collateral over these balances.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

11. BILLS AND ACCOUNTS RECEIVABLES – CONTINUED

An analysis of the impairment loss on bills and accounts receivables for the period/year ended 30 June 2021 and 31 December 2020 are as follows:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
At the beginning of the period/year	501,078	482,331
Amounts written off as uncollectible	–	(36,601)
Provided for the period/year	12,012	201,740
Impairment loss reversed	(1,126)	(146,392)
At the end of the period/year	511,964	501,078

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

12. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Advance to suppliers	5,523,158	3,916,538
Less: Impairment loss on advance to suppliers	(581,421)	(566,263)
	4,941,737	3,395,275
Prepaid relocation costs of inhabitants	3,680,815	3,194,472
Other taxes	994,159	1,548,713
Loan receivables	7,531,667	4,301,874
Interest receivable	38,214	123,615
Others	5,647,663	5,800,444
Less: Impairment loss on other receivables	(1,826,620)	(1,679,407)
	21,007,635	16,684,986

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

12. PREPAYMENTS AND OTHER RECEIVABLES – CONTINUED

- (i) An analysis of the impairment loss on advances to suppliers for the period/year ended 30 June 2021 and 31 December 2020 are as follows:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
At the beginning of the period/year	566,263	579,506
Amounts written off as uncollectible	–	(13,243)
Provided for the period/year	15,158	–
At the end of the period/year	581,421	566,263

Advances will be written off, if aged over 4 years and considered irrecoverable by the management after considering the credit quality of the individual counterparty and the nature of the amount overdue. During the six months ended 30 June 2021, no advance to suppliers was written off (year ended 31 December 2020: approximately RMB13,243,000).

- (ii) An analysis of the impairment loss on other receivables for the period/year ended 30 June 2021 and 31 December 2020 are as follows:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
At the beginning of the period/year	1,679,407	769,779
Provided for the period/year	174,190	909,628
Impairment loss reversed	(26,977)	–
At the end of the period/year	1,826,620	1,679,407

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired items of property, plant and equipment with a cost of approximately RMB965,413,000 (year ended 31 December 2020: approximately RMB3,237,581,000). Items of property, plant and equipment with a net book value of approximately RMB65,090,000 were disposed of during the six months ended 30 June 2021 (year ended 31 December 2020: approximately RMB1,613,399,000), resulting in gain on disposals of approximately RMB30,291,000 (year ended 31 December 2020: losses on disposals of approximately RMB1,287,000). Items of property, plant and equipment with a net book value of approximately RMB2,181,481,000 were transferred to right-of-use assets under certain sale and lease-back transactions during the six months ended 30 June 2021 (year ended 31 December 2020: nil).

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(i) Right-of-use assets

As at 30 June 2021, the carrying amounts of right-of-use assets were approximately RMB2,096,921,000, RMB3,648,257,000 and RMB1,707,159,000 (31 December 2020: approximately RMB5,113,000, RMB3,621,137,000 and RMB1,739,249,000) 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 2021, 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 approximately RMB2,403,149,000.

(ii) Lease liabilities

As at 30 June 2021, the carrying amount of lease liabilities was approximately RMB4,483,334,000 (31 December 2020: RMB2,589,963,000). During the six months ended 30 June 2021, the Group entered into a number of new lease agreements and recognised lease liabilities of approximately RMB2,403,149,000.

(iii) Amounts recognised in profit or loss

	Six months ended 30 June 2021 RMB'000	Six months ended 30 June 2020 RMB'000
Depreciation expense on right-of-use assets	305,944	113,113
Interest expense on lease liabilities	20,623	11,435

(iii) Total cash outflow for lease

During the six months ended 30 June 2021, the total cash outflow for leases amount to approximately RMB494,711,000 (2020: approximately RMB282,784,000).

15. BILLS AND ACCOUNTS PAYABLES

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Accounts payables	9,641,015	11,930,944
Bills payables	8,858,548	9,881,190
	18,499,563	21,812,134

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

15. BILLS AND ACCOUNTS PAYABLES – CONTINUED

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
0 – 90 days	13,088,762	16,753,871
91 – 180 days	1,338,416	1,593,665
181 – 365 days	768,173	1,494,061
Over 1 year	3,304,212	1,970,537
	18,499,563	21,812,134

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

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

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
At the beginning of the period/year	3,423,249	2,042,722
Exchange re-alignment	(111,577)	72,231
Additional provision in the period/year	468,009	328,410
Acquisition of subsidiary	–	1,063,914
Utilisation of provision	(86,015)	(84,028)
At the end of the period/year	3,693,666	3,423,249
Presented as:		
Current portion	7,550	13,129
Non-current portion	3,686,116	3,410,120
	3,693,666	3,423,249

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

17. BORROWINGS

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Current liabilities		
Borrowings		
– Unsecured borrowings (i)	15,160,952	12,456,628
– Secured borrowings (ii)	10,810,262	12,249,127
Guaranteed notes (iii)	11,331,365	6,676,371
	37,302,579	31,382,126
Non-current liabilities		
Borrowings		
– Unsecured borrowings (i)	22,624,668	17,677,720
– Secured borrowing (ii)	18,199,724	17,235,721
Guaranteed notes (iii)	10,251,214	16,011,427
Corporate Bond (iv)	13,951,233	9,955,950
	65,026,839	60,880,818
Total borrowings	102,329,418	92,262,944

(i) Unsecured borrowings are repayable as follows:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Within one year	15,160,952	12,456,628
More than one year, but not exceeding two years	5,982,300	6,871,720
More than two years, but not more than five years	13,092,285	7,806,000
More than five years	3,550,083	3,000,000
	37,785,620	30,314,348

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

17. BORROWINGS – CONTINUED

(ii) Secured borrowings are repayable as follows:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Within one year	10,810,262	12,249,127
More than one year, but not exceeding two years	2,122,132	3,357,546
More than two years, but not more than five years	10,932,530	11,875,108
More than five years	5,145,062	2,003,067
	29,009,896	29,484,848

(iii) Guaranteed notes are detailed as follows:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Guaranteed notes denominated in RMB repayable within one year	11,331,365	4,496,625
Guaranteed notes denominated in RMB repayable within one to two years	3,996,000	2,179,746
Guaranteed notes denominated in RMB repayable within two to five years	3,041,867	3,994,000
Guaranteed notes denominated in RMB repayable within over five years	–	678,328
Guaranteed notes denominated in USD repayable within one to two years	–	3,040,342
Guaranteed notes denominated in USD repayable within two to five years	3,213,347	8,298,757
	21,582,579	22,687,798

(iv) Corporate bonds are detailed as follows:

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Bonds denominated in RMB repayable within one to two years	299,475	–
Bonds denominated in RMB repayable within two to five years	11,669,258	7,974,450
Bonds denominated in RMB repayable after five years	1,982,500	1,981,500
	13,951,233	9,955,950

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 2020 (audited)	2,960,000,000	1,952,016,000	4,912,016,000
Shares repurchased (note i)	–	(52,016,000)	(52,016,000)
At 31 December 2020 (audited)	2,960,000,000	1,900,000,000	4,860,000,000
Issue of shares upon exercise of share options (note ii)	14,184,000	–	14,184,000
At 30 June 2021 (unaudited)	2,974,184,000	1,900,000,000	4,874,184,000

	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 2020 (audited)	2,960,000	1,952,016	4,912,016
Shares repurchased (note i)	–	(52,016)	(52,016)
At 31 December 2020 (audited)	2,960,000	1,900,000	4,860,000
Issue of shares upon exercise of share option (note ii)	14,184	–	14,184
At 30 June 2021 (unaudited)	2,974,184	1,900,000	4,874,184

Each share has a par value of RMB1.

- Note: (i) During the year ended 31 December 2020, the Company repurchased 52,016,000 of its own shares. The total amount paid was approximately RMB284,599,000.
- (ii) During the six month ended 30 June 2021, 14,184,000 ordinary shares of RMB1 each were issued upon the exercise of share options. The total consideration was approximately RMB106,664,000 and resulted in the net increase in share capital and share premium of approximately RMB14,184,000 and RMB92,480,000 respectively. The share option reserve has been decreased by approximately RMB38,638,000 and was transferred to share premium.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

18. SHAREHOLDERS' EQUITY – CONTINUED

Reserves

Future Development Fund

Pursuant to regulation in the PRC, the Company, Shanxi Tianchi and Heze are required to transfer an annual amount to a future development fund at RMB6 per tonne of raw coal mined (Xintai and Ordos: RMB6.5 per tonne of raw coal mined). The fund can only be used for the future development of the coal mining business and is not available for distribution to shareholders.

From 2008 onwards, Shanxi Tianchi is required to transfer an additional amount at RMB5 per tonne of raw coal mined as coal mine transformation fund. Pursuant to the Shanxi Provincial Government's decision, coal mine transformation fund was suspended since 1 August 2013.

Pursuant to the regulations of the Shandong Province Finance Bureau, State-owned Assets Supervision and Administration Commission of Shandong Province and the Shandong Province Coal Mining Industrial Bureau, the Company is required to transfer an additional amount at RMB5 per tonne of raw coal mined from 1 July 2004 to the reform specific development fund for the future improvement of the mining facilities and is not distributable to shareholders. No further transfer to the reform specific development fund is required from 1 January 2008.

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

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

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 2021 is the retained earnings computed under IFRS which amounted to approximately RMB50,264,728,000 (31 December 2020: approximately RMB48,868,399,000).

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

19. PERPETUAL CAPITAL SECURITIES

	Perpetual capital securities issued by the Company	Non- controlling interests Perpetual capital securities issued by a subsidiary	Total
	RMB'000 (note i to iii)	RMB'000 (note iv)	RMB'000
At 1 January 2020 (audited)	10,311,611	3,417,351	13,728,962
Profit attributable to holders of perpetual capital security	491,042	56,656	547,698
Distribution paid to holders of perpetual capital security	(584,986)	(56,656)	(641,642)
Redemption of perpetual capital security	(5,000,000)	(3,417,351)	(8,417,351)
At 31 December 2020 and 1 January 2021 (audited)	5,217,667	–	5,217,667
Issuance of perpetual capital security	5,000,000	–	5,000,000
Profit attributable to holders of perpetual capital security	49,567	–	49,567
Distribution paid to holders of perpetual capital security	(272,830)	–	(272,830)
Redemption of perpetual capital security	(5,000,000)	–	(5,000,000)
At 30 June 2021 (unaudited)	4,994,404	–	4,994,404

- (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. During the year ended 31 December 2020, the Group redeemed those perpetual securities at their principal amount.
- (ii) The Company issued 6% perpetual capital securities with par value of RMB5,000,000,000 on 26 March 2018. Coupon payments of 6% per annum on the perpetual capital securities are paid 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. During the six months ended 30 June 2021, the Group redeemed those perpetual securities at their principal amount.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

19. PERPETUAL CAPITAL SECURITIES – CONTINUED

- (iii) The Company issued two tranches perpetual capital securities with par value of RMB5,000,000,000 in aggregate on 22 June 2021. Coupon payments of ranging from 3.99% to 4.40% 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.
- (iv) 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 year ended 31 December 2020, the Group 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 2021 Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Assets				
Financial assets at FVTPL				
– Unlisted equity investments	–	–	471,302	471,302
– Royalty receivables	–	–	1,050,971	1,050,971
– Derivative financial instruments	50,926	–	–	50,926
Financial assets at FVTOCI				
– Bill receivables	–	–	4,027,242	4,027,242
– Investments in securities listed on the SSE	331	–	–	331
– Unlisted equity securities	–	–	14,640	14,640
	51,257	–	5,564,155	5,615,412
Liabilities				
Financial assets at FVTPL				
– Derivative equity securities	–	153,450	–	153,450

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

20. FAIR VALUES – CONTINUED

	At 31 December			
	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	–	–	429,587	429,587
– Royalty receivables	–	–	1,107,497	1,107,497
– Derivative financial instruments	50,356	–	–	50,356
Financial assets at FVTOCI				
– Bill receivables	–	–	3,312,609	3,312,609
– Investments in securities listed on the SSE	386	–	–	386
– Unlisted equity securities	–	–	14,640	14,640
	50,742	–	4,864,333	4,915,075
Liabilities				
Financial assets at FVTPL				
– Derivative equity securities	–	231,971	–	231,971

During the six months ended 30 June 2021 and the year ended 31 December 2020 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% (2020: 11%). The estimated fair value would increase if the sales volumes and coal prices were higher and if the AUD weakens against the US\$. The estimated fair value would also increase if the risk adjusted discount rate was lower.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

21. RELATED PARTY BALANCES AND TRANSACTIONS

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

Balances and transactions with related parties

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Nature of balances (other than those already disclosed)		
Bills and accounts receivables		
– Parent Company and its subsidiaries	599,941	267,917
– Joint ventures	203,905	154,519
– Associates	13,136	60
Prepayments and other receivables		
– Parent Company and its subsidiaries	213,781	1,411,355
– Joint ventures	278,881	295,545
– Associates	108,039	101,287
Long-term receivables (note i)		
– Parent Company and its subsidiaries	1,038	1,132
– Joint ventures	687,443	676,085
Bills and accounts payables		
– Parent Company and its subsidiaries	1,544,822	2,118,227
– Joint ventures	9,813	14,209
– Associates	21,165	21,415
Other payables and accrued expenses		
– Parent Company and its subsidiaries	25,027,226	18,571,954
– Associates	149,867	142,836
Borrowings (unsecured and non-current) (note ii)		
– Parent Company	3,550,083	–

Save for those stated in note i and note ii 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.
- ii. Borrowings from parent provided to the Group US\$775 million which is non-interest bearing, unsecured and with a maturity date of 31 March 2027.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

21. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

Balances and transactions with related parties – Continued

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

	Six months ended 30 June	
	2021	2020
	RMB'000 (unaudited)	RMB'000 (unaudited)
Income		
Sales of coal	1,263,866	1,091,066
Sales of heat and electricity	7,667	15,115
Sales of auxiliary materials	202,968	441,584
Sales of methanol	–	1,891
Expenditure		
Utilities and facilities	–	3,425
Purchases of supply materials and equipment	585,951	544,958
Repair and maintenance services	5,810	1,819
Social welfare and support services	442,857	497,117
Construction services	101,752	119,116
Coal train convoy services	28,887	24,567

As at 30 June 2021, the Parent Company and its subsidiaries (other than the Group) had deposited approximately RMB6,861,750,000 (31 December 2020: approximately RMB9,845,000,000) 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 RMB117,560,000 and RMB72,479,000 respectively (year ended 31 December 2020: approximately RMB229,770,000 and RMB99,660,000 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

21. 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	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Trade sales	5,262,326	2,210,397
Trade purchases	623,813	581,932

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

	At 30 June	At 31 December
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Amounts due to other state-controlled entities	1,026,700	49,774
Amounts due from other state-controlled entities	534	500

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.

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

21. RELATED PARTY BALANCES AND TRANSACTIONS – CONTINUED

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

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

Balances and transactions with a joint venture and an associate

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
Due from a joint venture and an associate	687,522	676,085

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	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Directors' fee	1,439	1,473
Salaries, allowance and other benefits in kind	3,148	2,177
Retirement benefit scheme contributions	476	506
	5,063	4,753

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

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

22. COMMITMENTS

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 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	4,649,855	4,490,977
– share of joint operations	359,938	193,768
– others	22,395	314
(b) Intangible assets		
– share of joint operations	96,058	17,655
– others	10,204	9,720
(c) Exploration and evaluation		
– share of joint operations	15,381	14,864
– others	–	361
	5,153,831	4,727,659

CHAPTER 9 CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

23. CONTINGENT LIABILITIES

(i) Guarantees

	At 30 June 2021 RMB'000 (unaudited)	At 31 December 2020 RMB'000 (audited)
(a) The Group		
– Performance guarantees provided to daily operations	610,694	687,190
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	521,461	562,316
(b) Joint operations		
– Performance guarantees provided to external parties	782,900	738,671
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	1,749,641	1,597,379
(c) Related parties		
– Performance guarantees provided to external parties	417,228	451,351
– Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	19,759	20,425
	4,101,683	4,057,332

24. SUBSEQUENT EVENTS

Issuance of the first tranche of medium term notes

On 26 July 2021, the Company issued the 2021 first tranche of medium term notes. The amount of the issuance is RMB2.0 billion and the Company has received such amount by 26 July 2021. The proceeds from the issuance will be used to supplement the working capital, and to repay the loans to financial institutions and issued bonds.

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, Donghua, Yankuang Finance, 厚朴项目, 東方盛隆 and 上海東江 have been accounted for using the acquisition method which accounts for their assets and liabilities at their fair value at the date of acquisition. Any excess of the purchase consideration over the fair value of the net assets acquired is capitalised as goodwill, while excess of fair value of the net assets acquired over the purchase consideration is recognised in profit or loss.

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

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

(3a) Under IFRS, the reversal of impairment loss on mining reserves was classified as other income in profit or loss.

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

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

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 2021 RMB'000 (unaudited)	Net assets attributable to equity holders of the Company As at 30 June 2021 RMB'000 (unaudited)
As per condensed consolidated financial information on prepared under IFRS	6,277,804	59,269,350
Impact of IFRS adjustments in respect of:		
– future development fund charged to income before income taxes	(487,710)	–
– reversal of provision of work safety cost	1,727	(36,794)
– fair value adjustment and amortization	5,000	(215,052)
– 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	(417,610)
– acquisition of 厚朴項目	160,447	(8,021,429)
– goodwill arising from acquisition of 東方盛隆 and 上海東江	–	(90,426)
– goodwill arising from Yankuang Finance	–	(16,966)
– perpetual capital security	–	4,994,404
– impairment loss and related amortisation on intangible assets of Yancoal Australia	5,099	(82,557)
– others	–	647,648
– deferred tax	78,350	390,208
As per condensed consolidated financial information prepared under PRC GAAP	6,041,738	55,521,373