



兖矿能源集团股份有限公司

YANKUANG ENERGY GROUP COMPANY LIMITED

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

Stock Code : 01171

2022
ANNUAL REPORT



Important Notice

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

The 2022 Annual Report of Yankuang Energy Group Company Limited has been approved by the 27th meeting of the eighth session of the Board. The quorum of the meeting is 10, and 10 Directors attended the meeting. All Directors attended the meeting.

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

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

The Board of the Company proposed to distribute five bonus shares per 10 shares and a cash dividend of RMB43 per 10 shares (tax inclusive) for the year of 2022 based on the number of shares on the record date of the dividend and equity distribution.

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

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

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

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

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

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

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Chapter 01

Definitions

I. DEFINITION

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

Definition for terms frequently used

“Yankuang Energy”, “Company” or “the Company”	Yankuang Energy Group Company Limited, a joint stock limited company incorporated under the laws of the PRC in 1997 and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“Group” or “the Group”	The Company and its subsidiaries;
“Shandong Energy” or “the Controlling Shareholder”	Shandong Energy Group Co., Ltd. (former Yankuang Group Co., LTD., renamed as Shandong Energy Group Co., Ltd. in April 2021), 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 54.81% of the total share capital of the Company as at the end of the reporting period;
“Heze Neng Hua”	Yanmei Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2002 and a 98.33% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the development and operation of coal resources and electric power business in Juye coalfield Heze City Shandong Province;
“Yulin Neng Hua”	Yanzhou Coal Yulin Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a wholly-owned subsidiary of the Company, which is mainly engaged in the production and operation of coal chemical projects;
“Shanxi Neng Hua”	Yanzhou Coal Shanxi Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2003 and a wholly-owned subsidiary of the Company, which is mainly engaged in the management of projects invested in Shanxi Province by the Company;
“Ordos Company”	Yankuang Energy Company Limited (former Yanzhou Coal (Ordos) Neng Hua Company Limited), renamed as Yankuang Energy (Ordos) Company Limited in June 2022, a company with limited liability incorporated under the laws of the PRC in 2009 and a wholly-owned subsidiary of the Company, which is mainly engaged in the development and operation of coal resources and coal chemical projects of the Company;

“Haosheng Company”	Inner Mongolia Haosheng Coal Mining Company Limited, a company with limited liability incorporated under the laws of the PRC in 2010 and a 59.38% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the production and operation of Shilawusu coal mine in Ordos, Inner Mongolia Autonomous Region;
“Inner Mongolia Mining”	Inner Mongolia Mining (Group) Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2013 and a 51% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the investment and management of mineral resources, coal mining and preparation, mineral products sales, import and export trade and other businesses;
“Future Energy”	Shaanxi Future Energy Chemicals Co. Ltd., a company with limited liability incorporated under the laws of the PRC in 2011 and a 73.97% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the R & D, production and sales of chemical products, coal mining and sales, etc.;
“Lunan Chemicals”	Yankuang Lunan Chemicals Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2007 and a wholly-owned subsidiary of the Company, which is mainly engaged in the development, production and sales of chemical products, etc.;
“Donghua Heavy Industry”	Yankuang Donghua Heavy Industry Company Limited, a company with limited liability incorporated under the laws of the PRC in 2013 and a wholly-owned subsidiary of the Company, which is mainly engaged in the design, manufacture, installation, repair and maintenance of mining equipment, electromechanical equipment and parts;
“Yankuang Financial Leasing”	Yankuang Financial Leasing Company Limited (the former “Zhongyin Financial Leasing Co., Ltd” renamed as “Yankuang Financial Leasing Co., Ltd” in March 2023), a company with limited liability incorporated under the laws of the PRC in 2014 and a wholly-owned subsidiary of the Company, which is mainly engaged in the financial leasing, leasing, leasing trade consultation and guarantees, commercial factoring related to its main business, etc.;
“Yankuang Finance Company”	Yankuang Group Finance Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2010 and a 95% owned subsidiary of the Company as at the end of the reporting period;
“Yancoal Australia”	Yancoal Australia Limited, a company with limited liability incorporated under the laws of Australia in 2004 and a 62.26% owned subsidiary of the Company as at the end of the reporting period, the shares of which are traded on the Australian Securities Exchange and the HKEX respectively;

Chapter 01 Definitions

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

“JORC Code”	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition;
“Shareholders”	The shareholders of the Company;
“Directors”	The directors of the Company;
“Board”	The board of directors of the Company;
“Supervisors”	The Supervisors of the Company;
“Supervisory Committee”	The Supervisory Committee of the Company;
“RMB”	Renminbi, the lawful currency of the PRC, unless otherwise specified;
“AUD”	Australian dollars, the lawful currency of Australia;
“USD”	United States dollars, the lawful currency of the United States;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong.

Chapter 02

Company Information and Major Financial Indicators

I. INFORMATION OF THE COMPANY

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

* For identification purpose only

II. CONTACT DETAILS

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

III. GENERAL INFORMATION

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

IV. INFORMATION DISCLOSURE AND PLACE FOR DOCUMENT INSPECTION

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

V. CORPORATE STOCKS

Corporate Stocks

Stock Type	Place of Listing	Stock Abbreviation	Stock Code
A Share	The Shanghai Stock Exchange	Yankuang Energy	600188
H Share	HKEX	Yankuang Energy	01171

VI. OTHER INFORMATION

Certified Public Accountants (Domestic)

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

Certified Public Accountants (Overseas)

Name:	SHINEWING (HK) CPA Limited
Office Address:	17/F Chubb Tower Windsor House 311 Gloucester Road Causeway Bay Hong Kong
Signing Auditor:	Lau Kai Wong

Domestic Legal Advisor

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

Chapter 02 Company Information and Major Financial Indicators

Hong Kong Legal Advisor

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

Shanghai Share Registrar

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

Hong Kong Share Registrar

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

Liaison Office in Hong Kong

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

VII. FINANCIAL HIGHLIGHTS OF THE LAST FIVE YEARS

(Prepared in accordance with the IFRS)

The financial highlights were prepared based on the financial information set out in the audited consolidated income statements, consolidated balance sheets and the consolidated cash flow statements of the Group from 2018 to 2022.

(I) Operating Results

Unit: RMB' 000

	Year ended 31 December				
	2022	2021	2020	2019	2018
Sales income	154,601,505	108,615,647	69,123,020	67,804,644	67,447,104
Gross profit	73,786,658	39,935,159	14,092,367	21,029,486	24,306,538
Financing cost	-5,983,260	-5,319,334	-2,867,029	-2,751,234	-3,612,394
Profit before tax	53,688,193	24,288,809	7,372,354	14,986,842	15,931,098
Net profit attributable to					
Shareholders	30,407,538	16,941,435	6,318,000	9,388,645	8,582,556
Earnings per share ^③	RMB6.15	RMB3.48	RMB1.29	RMB1.91	RMB1.75
Dividend per share ^④	RMB4.30	RMB2.00	RMB1.00	RMB0.58	RMB0.54

Notes:

- ① In 2022, the Company consolidated the financial statements of Yankuang Railway Logistics Company Limited. In 2020, the Company consolidated the financial statements of Qingdao Duanxin Asset Management Co., Ltd., Yankuang Intelligent Ecology Co., Ltd, Future Energy, Yankuang Yulin Fine Chemicals Co., Ltd. (“Fine Chemicals”), Lunan Chemicals, Yankuang Jining Chemical Equipment Co., Ltd. (“Chemical Equipment”), Yankuang Coal Chemical Supply & Marketing Co., Ltd. (“Supply & Marketing Company”), Shandong Yankuang Jisan Power Co., Ltd. (“Jining No.3 Power”) and Inner Mongolia Mining. And in 2018, the Company consolidated the financial statements of Yankuang (Hainan) Intelligent Logistics Scientific Co., Ltd. (“Intelligent Logistics”).
- ② Since December 31, 2020, the Company would not consolidate the financial statements of Intelligent Logistics. The Company had no longer consolidated the financial statements of Jinan Duanxin Mingli Financial Consulting Partnership (Limited) and Zoucheng Beisheng Industry Trade Company Limited since 2020.
- ③ As at the end of the reporting period, 2021 Restricted A Share Incentive Scheme of the Company was completed the granting registration and totally 61,740,000 restricted shares were successfully granted to the incentive participants. A total of 12,779,580 options under the second exercising period of 2018 A Share Incentive Scheme of the Company were exercised and completed registration of shares transfer. Due to which, the Company’s total share capital increased to 4,948,703,640 shares, and the earnings per share and other indicators were calculated on the weighted average number of issued ordinary shares.
- ④ The dividend per share for the year 2022 is the recommended dividends to be declared. For details, please refer to the section headed *Profit Distribution or Capital Reserve Increase Plan* in “Chapter 5 Corporate Governance” in this report.

Chapter 02 Company Information and Major Financial Indicators

(II) Assets and Liabilities

Unit: RMB'000

	As at 31 December				
	2022	2021	2020	2019	2018
Net current assets	4,662,895	-7,329,284	-45,023,397	-4,052,846	5,230,224
Net value of property, plant and equipment	82,430,170	75,270,589	65,516,221	44,995,450	45,296,120
Total assets	308,603,503	301,959,007	273,009,258	210,760,571	206,003,615
Total borrowings	76,163,662	103,400,097	92,291,944	65,375,491	68,677,923
Equity attributable to Shareholders	89,852,379	68,657,660	57,894,751	54,119,800	52,077,360
Net asset value per share	RMB18.16	RMB14.09	RMB11.91	RMB11.02	RMB10.60
Return on net assets (%)	33.84	24.68	10.91	17.35	16.48

(III) Summary of Cash Flow Statement

Unit: RMB' 000

	Year ended 31 December				
	2022	2021	2020	2019	2018
Net cash from operating activities	61,873,689	29,815,724	6,958,798	16,411,202	18,243,311
Net increase (decrease) in cash and cash equivalents	-2,396,330	23,316,286	-5,462,167	-4,885,829	6,180,131
Net cash flow per share from operating activities	RMB12.50	RMB6.12	RMB1.43	RMB3.34	RMB3.71

Chapter 03

Chairman's Statement



Mr. Li Wei
Chairman

Respectable Shareholders:

On behalf of the Board, I would like to present the 2022 annual results of Yankuang Energy and the development plan for year 2023 to all Shareholders.

The year 2022 has witnessed a complex and volatile international situation with increased downward pressure on global economy. Throughout 2022, the Chinese Government has strengthened macro economic control and the Chinese economy has remained stable operation. Due to profound changes in the global energy market, the energy prices has undergone volatile fluctuations. The coal market saw a tight supply with prices maintaining in a medium-high level.

Throughout 2022, Yankuang Energy has firmly seized the development opportunity presented by the macroeconomic situation and the industry, stayed committed to its development strategy, continuously optimized its industry layout, accelerated industrial transformation and upgrading, comprehensively deepened lean management, and secured strong momentum for high-quality development and key breakthroughs. In 2022, the Company won multiple awards including “the Special Contribution Award for China Top 100 Listed Companies”, “the Golden Round Table Best Board of Directors”, “the Top 100 Listed Companies in terms of Market Value”, “the Seventh China Grand Awards for Industry” and was selected as the constitute stock of the CSI 300 Index as well as the SSE 180 Index. It is worth noting that the market value of the Company exceeded RMB200 billion in 2022. In order to share the development achievements and sincerely reward investors, the Company plans to award 5 bonus shares and distribute cash dividends of RMB43 for every 10 shares, with the total dividend reaching RMB21.28 billion, accounting for 70% of total net profit under IFRS.

Chapter 03 Chairman's Statement

- I. **Business performance hit a new high.** For year 2022, the Company realized a total sales income of RMB154.6 billion, a pre-tax profit of RMB53.69 billion with net profit attributable to the Shareholders reaching RMB30.41 billion. The net cash generated from operating activities amounted to RMB61.874 billion, and the return on net assets reached 33.8%. As of the year end of 2022, the total asset value reached RMB308.6 billion. With significant improvement in both business scale and profitability, the Company achieved a new high in terms of business performance and maintained the leading position in the industry.

- II. **Accelerated upgrading for five pillar industries. For the Mining industry, the Company pursues sound and strong development.** The annual production volume for ROM coal has maintained above 100 million tons for 7 consecutive years, which strongly supported the industrial transformation. Remarkable achievements were secured in intelligent mine construction. With an investment of RMB2 billion, the Company successfully built up 28 intelligent mining and advancing working faces and 4 national intelligent demonstration coal mines (the first batch of such coal mines that successfully passed the acceptance). A number of projects have been steadily implemented to expand business scale and enhance performance. For Jinjitan Coal Mine, the approved annual production capacity has been lifted to 17 million tons. After successfully passing the acceptance, Yingpanhao Coal Mine was completed construction and put into production. The ultra-long intelligent fully mechanized mining face was successfully built at Zhuanlongwan Coal Mine, where an annual output of 10 million tons per working face would be maintained for the next 10 years. By fully tapping the synergy between domestic and overseas markets and utilizing the resources of both China and Australia, Yancoal Australia registered a huge increase profitability and hit a new high in a number of key performance indicators, including net profit and net cash generated from operating activities. **High-end chemicals and new materials: Extend and strengthen industrial chain & improve added-value.** At Lunan Chemicals, the high quality acetic anhydride and nylon 6 project was completed and put into operation, and the world's first set of acrylic acid production unit adopting the method of formaldehyde and acetic acid reacting was proved to be successful in the first trial. Yulin Neng Hua 100,000 tons/year DMMn project entered the trial production stage, the world's first opposite multi-nozzle gasifier with semi-waste heat boiler passed the site assessment. **High-end equipment manufacturing: Secure breakthroughs and upgrading.** The Company has independently developed the world's first set of comprehensive performance test-platform for 50,000 kN hydraulic support, which could support loading test for the 10-meter ultra-large mining height hydraulic support, making it the first company that could operate such test in China. The Company built the Luxi Intelligent Manufacturing Park with high quality where it has successfully brought in 6 leading enterprises specialized in CHPP facility manufacturing, intelligent belt conveyor manufacturing and others. The technology and resource advantages are rapidly accumulating here. **New energy: Identify strategy & accelerate development.** The Company formulated and implemented development plannings for the New Energy Industry. In the meanwhile, it simultaneously advanced project indicators approval, as well as project construction. The first batch of over 10 self-owned distributed PV generation and power storage projects has been implemented. **Intelligent logistics: Integrated and coordinated development.** The Company sets up a specialized subsidiary to complete the integration of railway assets, innovates business models and resource coordination patterns, deepens strategic cooperation with mega-sized logistics enterprises with technological innovation capability. The Company also strives to set up a technological logistics platform, and an integrated logistics system that combines production, sales, storage, distribution and delivery so as to forge a new growth driver for profitability and business performance.

- III. **Realized lean management. Strictly control expenditure and cut costs.** The Company enhanced benefit cost reverse calculation and assessment by conducting on-site cost, and implemented cost management and control by categorization, cutting per unit cost by 5.5% for its major products. **Optimize the debt structure and deleverage.** By achieving overall control on total debt, optimizing debt structure, the Company successfully cut the borrowing by RMB27.2 billion, and lowered the debt to asset ratio to 54.9%, representing a decrease of 9.4 percentage points as compared with that of the previous year. **Revive existing assets and tap internal potentials.** In the principle of “reviewing the inventory first, allocating resource second and placing purchasing orders the third”, the Company revived idle assets and materials thus saving a total capital expenditure of RMB330 million. In addition, the Company actively disposed inefficient and useless assets, recovered a cash flow of RMB1 billion and cut losses by RMB430 million. **Tap market potentials and enhance economic benefits.** Oriented by market demands, the Company expanded its sales channel and entered into regional markets with high value, great demand and favorable logistics conditions so as to maximize the economic returns. The Company was fully devoted to adding product value by cultivating the coking coal and high-end chemicals coal market and actively producing clean coal with high added value, which resulted in a 12.4% increase on the sales volume of clean coal as compared with that of the corresponding period of the previous year.
- IV. **Performed social responsibilities.** Facing tight supply, the Company ensured coal supply by strengthening its coal reserve capability and its dispatchable coal reserve capacity amounted to 3 million tons. To align its development achievement with that of the staff, the Company launched two rounds of equity incentives, making it the only listed state-owned energy enterprise ever practiced so, which in turn, increased the staff loyalty. Complying with the philosophy of “**sharing development achievements with investors**”, the Company has totally distributed cash dividends of RMB65.8 billion, including the cash dividends to be distributed for 2022, which made the Company an industrial model of value known for its sincerity in rewarding shareholders as a listed company. The Company has been a practitioner of the green development concept for long. In addition to the fact that 5 of its affiliated coal mines have been included in “National Green Mines Catalogue”, the Company also annually disclosed its ESG reports for 14 consecutive years. Ranked among the top in the international ESG ratings such as CDP, MSCI and FTSE Russell, and it was also included in Forbes' 2022 China ESG Top 50.

Looking into 2023, the external environment remains complex and severe, and the macro economy faces intricate risks and challenges. However, China's resilient economy and robust bounce-back provides a solid guarantee for the high-quality development of the energy industry. Although the transformation of the coal industry picks up pace, the coal will continue to play as the major energy source. Considering the tight global energy supply, the successive release of advanced production capacity, and the growth of downstream demand, it is expected that the coal industry will witness the double increases in both supply and demand in 2023, while coal prices will fluctuate at mid-to-high levels.

In 2023, the Group will focus on “green, low-carbon and high-quality development”, deepen the transformation of new and old growth drivers, accelerate industrial transformation and upgrading, improve the quality of operation management & control, and achieve new leapfrog development in the energy industry. In 2023, the Group plans to sell 103 million tons of self-produced coal and 6.18 million tons of coal chemical products.

Focusing on 2023 business objectives, the Group will take the following measures.

Chapter 03 Chairman's Statement

- I. **Foster the industrial advantages of strategic transformation.** We will adhere to existing-stock reforms and increment growth, and focus on the “five major businesses” appropriate planning and take tailored steps, so as to enhance competitiveness. **The first step is to strengthen the mining industry.** We will obtain a batch of high-quality resources, inject premium assets of the controlling shareholder into the Company in phased manner and for different regions, aptly cope with peer competition, and improve profitability and sustainable development. We will continue to promote regional optimization and industrial upgrading, realizing stable progress in production volume in Shandong Base by efficient and fine mining; the Shaanxi-Inner Mongolia Base will release more production capacity, optimize equipment upgrading and disaster management, and build a first-class demonstration mines cluster; the Australian Base will increase production and efficiency, popularize lean management and control, and constantly scale up cost-effectiveness. **The second step is to extend the industrial chains of the high-end chemicals and new materials industry.** With high-end, diversified, and low-carbon development in mind, we will strengthen the research of clean and efficient coal utilization technologies, improve the industrial chain at all links, and steadily increase the proportion of high-end and terminal chemical products. We will also promote the projects such as energy saving and carbon reduction in the caprolactam industrial chain of Lunan Chemicals, and 60,000 tons/year of polyoxymethylene, and speed up the building of high-end chemical clusters. **The third step is to foster the new energy industry.** Aiming the frontier of the industry, we will implement resources integration, mergers and reorganizations, try hard to obtain a batch of centralized PV resources in Shandong, and promote wind power, solar power, loading capacity and energy storage and “source-grid-load-storage integration” projects out of Shandong. The purpose is to ensure that the installed capacity of new energy surpasses 600,000 kW. **The fourth step is to upgrade the high-end equipment manufacturing industry.** Revolving around high-end coal machine manufacturing and other advantageous industries, we will refine high-end hydraulic support products, accelerate the construction of intelligent manufacturing parks, and set joint ventures with leading enterprises in the industry that is expected to operate in the first half of 2023. In this way, the technology research and development capabilities and the proportion of high-end equipment and products can see a double increase. **The fifth step is to upgrade the smart logistics industry.** Efforts will be made to accelerate the stock integration and increment growth of railways, ports, shipping and parks, deepen the “physical logistics + platform” model, and strengthen the function of coal storage, distribution and multi-model transportation, in order to realize industrial expansion and synergy. We aim to gradually develop 300 million tons of shipping capacity per year, strive to become a national 5A-level large-scale logistics enterprise.

- II. **Deepen lean management and improve quality and efficiency.** On “improving management efficiency and assets quality” we will deepen the implementation of “6 refinements and 6 enhancements” integrated management and comprehensively improve the corporate lean management & control. **Lean production management enhances efficiency:** carry out production diagnosis and evaluation, build a lean production management system, and ensure that production impact and equipment fault rate drop by 10% and per-capita production efficiency increase by 10%. **Lean quality management raises standards:** conduct quality improvement projects, improve production, quality, efficiency and cost, and achieve 100% of customer satisfaction rate and product (services) delivery acceptance rate in leading industries. **Lean cost control refines performance:** strengthen cost-wise benchmarking analysis, improve cost control measures, ensure that the annual controllable cost is cut by 5%-10% year-on-year, and strive to reduce the per-unit consumption of major products by more than 5% year-on-year. **Lean material supply and marketing increases effectiveness:** play out the advantages of centralized procurement, reduce inventory backlog, and ensure that inventory capital occupation is reduced by 10% year-on-year. Reinforce market analysis and judgment, optimize product structures, increase the proportion of high-quality customers, in a bid to maximize benefits. **Lean management & control elevates efficiency:** use tools such as comprehensive evaluation, and all-round budget management to take pulse of operation, and continuously intensify the efficiency of operation and management & control. **Lean self-improvement boosts benefits:** build an independent improvement platform, promote the development of improvement projects, eliminate valueless processes, and guarantee that the sum of benefits creation is up by 10%.
- III. **Create a new image of quality brand.** It is crucial to conduct “three projects” for management improvement of listed companies and strengthen the bedrock of high-quality development. **Exercise the demonstration project of modern enterprise system.** This means we will strengthen the construction of the board of directors for subsidiaries, deepen the authorization and property rights representatives management of subsidiaries, optimize the management & control mechanism of overseas companies, and build a more more complete corporate governance system with “Yankuang characteristics”. **Put in place the “value creation” management-improving project.** With high-quality development as the core, the “five major guarantees” of industrial operation, standardized governance, capital operation, efficient communication and hefty feedback will be enhanced to improve the value-creation ability as a listed company. We will strive to apply for and obtain the “National Quality Award”, integrate excellent performance management into the whole process of corporate operation and management, and create a “flagship model” of industry quality management. **Execute a comprehensive benchmarking projects toward first-class quality and efficiency.** Sticking to a world vision and international standards, we will make multi-pronged efforts to enable “excellent products, outstanding brands, leading innovation, and modern governance”, as a way towards a world-class enterprise

In 2023, Yankuang Energy will firmly grasp the trend of the times, respond to energy transformation, seize strategic opportunities for high-quality and efficient development, continue to improve core competitiveness, value-creating capability and sustainability, and grow and thrive into a world-leading clean energy demonstration enterprise that values shareholders' trust and value generating, and prioritizes green, low-carbon and sustainable development.

On behalf of the Board
Li Wei
Chairman

Board of Directors' Report



Mr. Xiao Yaomeng
General Manager

I. MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

	Unit	2022	2021	Increase/ Decrease	Increase/ Decrease (%)
1. Coal Business					
Salable coal production volume	kiloton	99,528	105,025	-5,497	-5.23
Salable coal sales volume	kiloton	103,746	105,645	-1,899	-1.80
2. Coal Chemicals Business					
Chemical products production volume	kiloton	6,813	5,794	1,019	17.58
Chemical products sales volume	kiloton	6,262	5,246	1,016	19.37
3. Power Generation Business					
Power generation	10,000KWh	837,252	726,760	110,491	15.20
Electricity sold	10,000KWh	726,428	575,555	150,873	26.21

In 2022, the Group sold 103.75 million tons of salable coal, including 91.17 million tons of self-produced coal, accounting for 91.2% of annual self-produced coal sales plan.

II. INDUSTRY SITUATION DURING THE REPORTING PERIOD

In 2022, as the coal industry is accelerating its upgrading and transformation, the Group steadily promoted green and low carbon development, firmly enhanced ability to secure supply, and fulfilled its role as the anchor for energy security and energy supply. Due to influence caused by international energy situation, the coal price has been fluctuated at medium-high level. The coal chemical industry has fastened its pace in high-end, diversified and low-carbon development and the prices of chemical products has fluctuated obviously due to the down-stream demand and periodic imbalance of supply and demand.

III. MAIN BUSINESS DURING THE REPORTING PERIOD

(I) Main Business

1. Coal business

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

2. Coal chemical business

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

(II) Market Position and Competitive Advantages

The Group is an international large-scale energy enterprise based on coal production and integrated with coal deep processing and comprehensive utilization. It is the largest coal producer in East China, Chinese leading thermal coal enterprise, and Yancoal Australia, a controlled subsidiary of the Company, is the largest pure coal player in Australia. The Group owns several complete chemical industrial chains based on coal gasification and coal liquefaction, with the production capacity of acetic acid ranking the third among the industry. Besides, it not only owns the largest coal gasification unit in China but also is the only enterprise in China masters both low-temperature FT synthesis and high-temperature FT synthesis technology.

Influenced by global tight supply of energy and domestic policies, year 2022 has seen a tight of coal supply and coal price has maintained medium-high level. Given such scenarios, the Group has seized the opportunity to enhance the main business in line with development strategy and adopt lean management to increase benefits and efficiency. And the operating results increased significantly as a result.

IV. CORE COMPETITIVENESS ANALYSIS DURING THE REPORTING PERIOD

In 2022, the Group seized the industry policy opportunities, unswervingly implemented the development strategy, optimized the industrial structure, expanded the regional development planning, implemented lean management, and continuously improved its core competitiveness and sustainable development ability. More efforts were made to promote the five pillar industries to become better and stronger, and the mining industry gave full play to its core supporting role. A number of incremental projects was completed to bolster the momentum of growth, such as the approved increase of production capacity of Jinjitan Coal Mine and the completion acceptance of Yingpanhao Coal Mine. The first batch of four national-level intelligent demonstration mines passed acceptance, making the Group took a lead in the construction of intelligent mines among the coal industry. The operation quality and economic benefits of the Australian base were greatly improved, and the domestic and overseas synergies were fully leveraged. Adhering to the direction of high-end and fine chemicals and new materials, Lunan Chemicals successfully started the world's first set of acrylic acid pilot plant by formaldehyde acetate method, and the world's first opposite multi-nozzle gasifier with semi-waste heat boiler passed the site acceptance, adding a new competitive advantage in the industry; The new energy industry optimized the distribution and expanded the size, a number of distributed photovoltaic and energy storage projects started construction, and new advantages of transformation and upgrading were gathered at a faster pace. In term of the high-end equipment manufacturing, the Group manufactured world advanced products, such as 50000KN hydraulic support test beds, and the Intelligent manufacturing park introduced first-class companies to set up joint ventures or make cooperation, comprehensively enhancing its advantages in technology and resources. The Group sped up reorganization and integration of the Intelligent logistics industry completed the reorganization of the railway assets, and built up an industry model of "entity + platform", thus forming a development pattern of synergetic and integrated operation. Moreover, the Group valued scientific and technological innovation, with RMB2.12 billion invested in R&D, up 85.8% year on year. It also won 29 national, provincial and ministerial awards in science and technology, and laid a solid foundation of technological engine for high quality development.

V. MAIN OPERATION DURING THE REPORTING PERIOD

(I) Business Operation by Segments

1. Coal business

(1) Coal production

In 2022, the Group produced 99.53 million tons of salable coal, representing a decrease of 5.5 million tons or 5.2% as compared with that of the previous year. Among which, the production of salable coal by Yancoal Australia decreased by 7.26 million tons as compared with that of the previous year.

The following table sets out the salable coal production of the Group for the year 2022:

	2022 (kiloton)	2021 (kiloton)	Increase/ Decrease (kiloton)	Increase/ Decrease (%)
1. The Company	24,947	26,788	-1,841	-6.87
2. Heze Neng Hua ^①	1,686	2,533	-847	-33.44
3. Shanxi Neng Hua	1,086	1,300	-213	-16.42
4. Future Energy	17,368	17,112	256	1.50
5. Ordos Company	11,711	11,511	200	1.74
6. Haosheng Company ^②	4,284	3,188	1,096	34.40
7. Inner Mongolia Mining ^③	4,090	832	3,257	391.26
8. Yancoal Australia	29,435	36,699	-7,264	-19.79
9. Yancoal International	4,922	5,063	-141	-2.79
Total	99,528	105,025	-5,497	-5.23

Notes:

- ① The production of salable coal by Heze Neng hua decreased year on year, which was mainly due to that the production of salable coal decreased as compared with that of the previous year because of the constraints of safety, environmental protection policies.
- ② The production of salable coal by Haosheng Company increased year on year, which was mainly due to that the production of salable coal increased as compared with that of the previous year along with the a part of removal of the policies constraints during the reporting period.
- ③ The production of salable coal by Inner Mongolia Mining increased year on year, which was mainly because that Yingpanhao Coal Mine of Inner Mongolia Mining was put into test production in March 2022, the production capacity was gradually fulfilled.

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(2) Coal prices and marketing

In 2022, the Group sold a total of 103.75 million tons of coal, representing a decrease of 1.9 million tons or 1.8% as compared with that of the previous year.

In 2022, the Group realized sales income of coal business of RMB125.844 billion, representing an increase of RMB42.047 billion or 50.2% as compared with that of the previous year.

The following table sets out the Group's coal production and sales by coal types for the year 2022:

	2022				2021			
	Production	Sales	Sales	Sales	Production	Sales	Sales	Sales
	Volume (kiloton)	Volume (kiloton)	Price (RMB/ton)	Income (RMB000,000)	Volume (kiloton)	Volume (kiloton)	Price (RMB/ton)	Income (RMB000,000)
1. The Company	24,947	25,058	1,134.32	28,424	26,788	23,045	864.79	19,929
No.1 clean coal	729	764	1,733.28	1,324	754	712	1,162.64	828
No.2 clean coal	8,060	8,492	1,670.59	14,186	7,907	7,369	1,221.44	9,001
No.3 clean coal	3,038	3,756	1,438.24	5,402	4,254	3,479	1,072.46	3,731
Lump coal	-	-	-	-	10	8	771.65	7
Sub-total of clean coal	11,827	13,012	1,607.20	20,912	12,926	11,569	1,172.68	13,567
Screened raw coal	13,120	12,046	623.55	7,512	13,862	11,476	554.39	6,362
2. Heze Neng Hua	1,686	1,591	1,957.54	3,114	2,533	2,026	1,536.75	3,113
No.2 Clean Coal	1,390	1,591	1,957.54	3,114	2,230	2,026	1,536.75	3,113
Screened raw coal	296	-	-	-	303	-	-	-
3. Shanxi Neng Hua	1,086	1,086	657.38	714	1,300	1,265	467.22	591
Screened raw coal	1,086	1,086	657.38	714	1,300	1,265	467.22	591
4. Future Energy	17,368	11,285	796.23	8,986	17,112	12,412	700.77	8,698
No.3 Clean Coal	2,052	2,037	949.19	1,933	2,110	2,079	722.03	1,501
Lump coal	3,930	3,760	960.19	3,610	4,124	3,946	709.06	2,798
Screened raw coal	11,385	5,489	627.17	3,443	10,877	6,387	688.73	4,399
5. Ordos Company	11,711	9,859	602.84	5,943	11,511	8,530	537.06	4,581
Screened raw coal	11,711	9,859	602.84	5,943	11,511	8,530	537.06	4,581
6. Haosheng Company	4,284	4,215	772.18	3,255	3,188	3,338	627.03	2,093
Screened raw coal	4,284	4,215	772.18	3,255	3,188	3,338	627.03	2,093
7. Inner Mongolia Mining	4,090	4,090	611.22	2,500	832	846	491.04	416
Screened raw coal	4,090	4,090	611.22	2,500	832	846	491.04	416
8. Yancoal Australia	29,435	29,253	1,647.20	48,185	36,699	37,455	674.44	25,261
Semi-hard coking coal	237	235	1,463.28	344	236	241	1,194.73	287
Semi-soft coking coal	2,578	2,562	1,783.79	4,570	2,784	2,841	812.00	2,307
PCI coal	1,928	1,916	2,084.14	3,993	2,641	2,696	903.94	2,437
Thermal coal	24,692	24,539	1,600.58	39,277	31,038	31,678	638.62	20,230
9. Yancoal International	4,922	4,880	1,127.94	5,504	5,063	4,915	524.47	2,578
Thermal coal	4,922	4,880	1,127.94	5,504	5,063	4,915	524.47	2,578
10. Traded coal	-	12,573	1,528.55	19,219	-	11,813	1,399.91	16,537
Total for the Group	99,528	103,746	1,213.00	125,844	105,025	105,645	793.19	83,797

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

	Impact of Changes on Coal Sales Volume (RMB'000,000)	Impact of Changes on the Sales Price of Coal (RMB'000,000)
The Company	1,741	6,754
Heze Neng Hua	-668	669
Shanxi Neng Hua	-84	207
Future Energy	-789	1,077
Ordos Company	714	649
Haosheng Company	550	612
Inner Mongolia Mining	1,522	562
Yancoal Australia	-5,532	28,456
Yancoal International	-19	2,945
Traded Coal	1,064	1,617

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

The following table sets out the Group's coal sales by geographical regions for the year 2022:

	2022		2021	
	Sales Volume (kiloton)	Sales Income (RMB000,000)	Sales Volume (kiloton)	Sales Income (RMB000,000)
1. China	74,138	82,500	68,684	60,465
East China	43,669	54,463	39,168	38,155
South China	2,507	2,399	2,796	2,034
Central China	6,193	6,699	2,641	3,013
North China	14,437	12,948	15,164	11,595
Northwest China	5,769	3,736	7,425	4,245
Other regions	1,563	2,255	1,490	1,423
2. Japan	10,286	21,961	9,867	8,390
3. South Korea	4,186	7,036	4,445	3,163
4. Singapore	-	-	7,202	2,931
5. Australia	3,214	1,250	7,192	4,050
6. Thailand	4,118	1,991	3,309	1,689
7. Others	7,805	11,105	4,945	3,109
8. Total for the Group	103,746	125,844	105,645	83,797

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

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The following table sets out the Group's coal sales by consuming industries for the year 2022:

	2022		2021	
	Sales Volume (kiloton)	Sales Income (RMB'000,000)	Sales Volume (kiloton)	Sales Income (RMB'000,000)
1. Power	50,352	59,502	52,771	32,405
2. Metallurgy	10,875	17,785	8,909	9,469
3. Chemical	14,706	16,912	12,988	11,830
4. Trade business	22,106	24,615	28,400	27,959
5. Others	5,707	7,030	2,577	2,135
6. Total for the Group	103,746	125,844	105,645	83,797

(3) The Cost of Coal Sales

In 2022, the Group's cost of coal sales amounted to RMB51.581 billion, representing an increase of RMB4.480 billion or 9.5% as compared with that of the previous year.

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

		Unit	2022	2021	Increase/ Decrease	Increase/ Decrease (%)
The Company	Total cost of sales	RMB million	10,822	9,070	1,751	19.31
	Cost of sales per ton	RMB/ton	405.23	375.39	29.85	7.95
Heze Neng Hua	Total cost of sales	RMB million	1,713	1,366	347	25.44
	Cost of sales per ton	RMB/ton	910.07	600.76	309.31	51.49
Shanxi Neng Hua	Total cost of sales	RMB million	510	467	43	9.16
	Cost of sales per ton	RMB/ton	469.20	369.04	100.15	27.14
Future Energy	Total cost of sales	RMB million	3,417	4,046	-629	-15.54
	Cost of sales per ton	RMB/ton	232.63	268.29	-35.66	-13.29
Ordos Company	Total cost of sales	RMB million	2,389	2,419	-30	-1.24
	Cost of sales per ton	RMB/ton	242.32	283.59	-41.28	-14.56
Haosheng Company	Total cost of sales	RMB million	2,131	2,175	-44	-2.02
	Cost of sales per ton	RMB/ton	505.62	651.56	-145.94	-22.40
Inner Mongolia Mining	Total cost of sales	RMB million	1,254	641	614	95.77
	Cost of sales per ton	RMB/ton	317.86	757.13	-439.27	-58.02
Yancoal Australia	Total cost of sales	RMB million	13,160	12,451	708	5.69
	Cost of sales per ton	RMB/ton	449.87	332.43	117.43	35.33
Yancoal International	Total cost of sales	RMB million	1,644	1,557	87	5.56
	Cost of sales per ton	RMB/ton	336.84	312.64	24.20	7.74
Traded coal	Total cost of sales	RMB million	18,730	15,704	3,026	19.27
	Cost of sales per ton	RMB/ton	1,489.69	1,329.38	160.31	12.06

The changes for Heze Neng Hua's cost of coal sales per ton was mainly due to the fact that the sales volume of saleable coal decreased year on year, causing the cost of coal sales per ton increased year on year.

The changes for Inner Mongolia Mining's cost of coal sales per ton was mainly due to the fact that the sales volume of saleable coal increased year on year, causing the cost of coal sales per ton decreased year on year.

The changes for Yancoal Australia's cost of coal sales per ton was mainly due to the fact that the sales volume of saleable coal decreased year on year, causing the cost of coal sales per ton increased year on year.

2. Coal chemicals business

The following table sets out the Group's coal chemical business for 2022:

	2022				2021			
	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Income (RMB' 000,000)	Cost of Sales (RMB' 000,000)	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Income (RMB' 000,000)	Cost of Sales (RMB' 000,000)
1. Lunan Chemicals	2,233	1,720	10,798	9,105	2,078	1,716	11,686	7,257
Of which: Acetic acid	1,036	712	2,453	1,895	1,092	757	4,275	1,982
Ethyl acetate	368	364	2,292	2,066	401	402	3,086	2,395
Caprolactam	273	273	3,067	2,846	-	-	-	-
POM	74	74	1,124	658	71	73	1,023	645
2. Future Energy ^①	876	828	5,301	4,286	907	881	3,901	3,253
Of which: crude liquid wax	242	252	1,710	1,255	448	445	2,177	1,664
Natural gasoline	141	141	849	836	233	233	948	846
Diesel	158	154	1,144	737	-	-	-	-
Naphtha	84	81	530	420	-	-	-	-
3. Yulin Neng Hua ^②	1,361	1,338	2,785	2,987	780	727	1,449	1,346
Of which: Methanol	1,361	1,338	2,785	2,987	780	727	1,449	1,346
4. Ordos Company ^③	2,330	2,362	5,352	4,688	2,015	1,908	4,338	3,014
Of which: Methanol	2,019	2,042	4,100	3,553	1,723	1,612	3,106	2,202
Ethylene glycol	311	321	1,252	1,135	292	295	1,231	811
5. Fine Chemicals	14	14	36	19	14	14	29	15
Total for the Group	6,813	6,262	24,273	21,085	5,794	5,246	21,402	14,885

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Notes:

- ① The sales income of Future Energy from chemical business increased year on year, which is mainly due to the fact that the selling prices of main chemical products increased as compared with that of the previous year.
- ② The production, sales volume, sales income and sales cost of the chemical business of Yulin Neng Hua increased year on year, which is mainly because the methanol plant of the phase II coal chemical project was put into operation in the beginning of the year, and the prices of raw materials increased as compared with that of the previous year.
- ③ The sales cost of chemical business of Ordos Company increased year on year, which was mainly due to that the prices of raw materials increased as compared with that of the previous year.

3. Power Generation Business

The following table sets out the operation of the Group's power business for the year 2022:

	2022				2021			
	Power Generation (10,000KWh)	Power Sold (10,000KWh)	Sales Income (RMB million)	Sales Cost (RMB million)	Power Generation (10,000KWh)	Power Sold (10,000KWh)	Sales Income (RMB million)	Sales Cost (RMB million)
1 Jining No.3 Power	149,911	133,313	563	432	140,134	122,507	436	352
2 Heze Neng Hua	155,843	140,969	579	439	152,330	133,476	479	454
3 Lunan Chemicals ^①	36,894	30,812	112	46	23,209	9,835	54	47
4 Yulin Neng Hua ^②	19,971	16,389	39	39	33,448	15,540	38	38
5 Future Energy	105,527	35,839	96	134	105,527	41,924	121	144
6 Inner Mongolia Mining ^③	369,107	369,106	1,334	1,162	272,112	252,273	806	907
Total for the Group	837,252	726,428	2,724	2,252	726,760	575,555	1,934	1,942

Notes:

- ① The generating volume, sales volume and sales income of power by Lunan Chemicals increased year on year, which was mainly due to that a new power generating unit was put into operation, causing the proportion of external sales volume of power increased as compared with that of the previous year.
- ② The power generating volume of Yulin Neng Hua decreased year on year, which is mainly due to that the proportion of external procured volume of power by Yulin Neng Hua increased year on year in order to reduce cost.
- ③ The generating volume, sales volume and sales income of power by Inner Mongolia Mining increased year on year, which was mainly due to that Inner Mongolia Mining increased power generating volume for the sake of efficiency, and the selling price of power increased at the same time.

(II) Analysis of Main Business

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

Unit: RMB million

Items	2022	2021	Increase/ Decrease (%)
Sales income	154,602	108,616	42.34
Sales cost	76,528	65,313	17.17
Selling, general and administrative expenses	19,718	15,115	30.45
Net cash flow from operating activities	61,874	29,816	107.52
Net cash flow from investment activities	-15,171	-22,470	-
Net cash flow from financing activities	-49,099	15,970	-
Income taxes	-14,602	5,470	166.97

Elaboration for the changes of sales income: The sales price of coal business increased year on year, causing the sale income increased by RMB42.047 billion as compared with that of previous year.

Elaboration for the changes of selling, general and administrative expenses:

- ① R&D investment increased by RMB0.978 billion as compared with that of the same period of previous year;
- ② Royalties for mining rights increased by RMB3.282 billion as compared with that of the same period of previous year.

Elaboration for the changes of net cash flow from operating activities: The sales price of coal business increased year on year, causing an increase in net cash flow from operating activities as compared with that of the previous year.

Elaboration for the changes of net cash flow from investment activities: The expenditure for purchasing intangible assets decreased by RMB6.233 billion as compared with that of the previous year.

Elaboration for the changes of net cash flow from financing activities: ① The clients' deposit in Yankuang Finance Company decreased by RMB19.836 billion as compared with that of the previous year; ② the Group's new borrowings decreasing by RMB35.998 billion.

Elaboration for changes of income taxes:

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

Not applicable.

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2. Analysis on income and cost

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

Unit: RMB'000,000

Main Business by industries						
By industries	Sales Income	Sales Cost	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year (%)
1. Coal business	125,844	51,581	59.01	50.18	9.51	Increased by 15.22 percentage points
Include: self-produced coal	106,625	32,851	69.19	58.53	4.63	Increased by 15.87 percentage points
Traded coal	19,219	18,730	2.54	16.21	19.27	Decreased by 2.05 percentage points
2. Coal chemicals business	24,273	21,085	13.13	13.41	41.66	Decreased by 17.32 percentage points
3. Power generation business	2,724	2,252	17.31	40.80	15.97	Increased by 17.71 percentage points
4. Other business	1,762	1,609	8.64	18.82	16.15	Increased by 2.10 percentage points

Main business by products

By products	Sales Income	Sales Cost	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year (%)
1. Coal business	125,844	51,581	59.01	50.18	9.51	Increased by 15.22 percentage points
Include: self-produced coal	106,625	32,851	69.19	58.53	4.63	Increased by 15.87 percentage points
Traded coal	19,219	18,730	2.54	16.21	19.27	Decreased by 2.05 percentage points
2. Coal chemicals business	24,273	21,085	13.13	13.41	41.66	Decreased by 17.32 percentage points
3. Power generation business	2,724	2,252	17.31	40.80	15.97	Increased by 17.71 percentage points
4. Other business	1,762	1,609	8.64	18.82	16.15	Increased by 2.10 percentage points

Main business by regions

By regions	Sales Income	Sales Cost	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year (%)
Domestic	100,042	60,854	39.17	25.06	20.44	Increased by 2.33 percentage points
Overseas	54,560	15,674	71.27	90.65	6.00	Increased by 22.94 percentage points

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Main business by sales modes

By sales modes	Sales Income	Sales Cost	Gross Profit (%)	Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	Increase/Decrease in gross profit as compared with that of the previous year (%)
Direct selling	154,602	76,528	50.50	42.34	17.17	Increased by 10.63 percentage points

Explanation on main business by industries, products, regions or sales modes

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

(2) Production and sales volume analysis

Unit: thousand tons

Main products	Unit	Production volume	Sales volume	Inventory	Increase/ Decrease in production volume as compared with that of the previous year (%)	Increase/ Decrease in sales volume as compared with that of the previous year (%)	Increase/ Decrease in inventory as compared with the beginning of the previous year (%)
Self-produced salable coal	1000tons	99,528	91,173	4,448	-5.23	-2.83	-37.46
Methanol	1000tons	3,379	3,380	124	35.01	44.46	-18.42
Ethylene glycol	1000tons	311	321	49	6.51	8.62	-15.52
Acetic acid	1000tons	1,036	712	5	-5.12	-6.03	66.67
Ethyl acetate	1000tons	368	364	7	-8.29	-9.62	250.00
POM	1000tons	74	74	1	3.54	1.05	0
Caprolactum	1000tons	273	273	2	-	-	-
Diesel oil	1000tons	158	154	4	-	-	-
Naphtha	1000tons	84	81	3	-	-	-

Explanation on production and sales volume

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

(3) *Performance of major procurement contract and sales contract*

Not applicable.

(4) *Cost analysis*

Unit: RMB'000,000

Cost components	Current amount	Percentage of total cost in 2022 (%)	The amount of the previous year	Percentage of total cost in 2021 (%)	Percentage increased or decreased in current amount as compared with the amount of the previous year (%)
I. Cost of self-produced coal	32,851	100.00	31,396	100.00	4.63
1. Materials	4,280	13.03	3,896	12.41	9.87
2. Employees' wages and welfare	8,369	25.48	7,948	25.32	5.30
3. Electric power	1,087	3.31	915	2.92	18.78
4. Depreciation	3,320	10.11	3,639	11.59	-8.76
5. Land subsidence expenses	2,153	6.55	2,210	7.04	-2.57
6. Maintenance expenses	1,937	5.90	688	2.19	181.44
7. Amortization of mining right	1,797	5.47	2,014	6.42	-10.79
8. Sales taxes and surcharges	5,017	15.27	3,964	12.63	26.55
9. Other expenses	4,890	14.89	6,122	19.50	-20.12
II. Cost of traded coal	18,730	-	15,704	-	19.27
III. Total	51,581	-	47,101	-	9.51

Other explanations

Since cost of coal sales account for 67.4% of the Group's main business cost (other business mainly belongs to trading business), the cost component by industries listed in the table above only refers to the cost component of the Group's coal sales during the reporting period.

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

Not applicable.

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

Not applicable.

(7) *Major Customers and Suppliers*

A. Major customers

The sales revenue attributable to the biggest customer is RMB2.989 billion, accounting for 2.2% of the total annual sales revenue; the sales revenue attributable to the top five customers is RMB9.638 billion, accounting for 7.1% of total annual sales revenue; the sales revenue attributable to connected parties among the top five customers is RMB0 million, accounting for 0% of the total annual sales revenue.

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

Unit: RMB100 million

Number	Customer	Sales revenue	Proportion in the total annual sales revenue (%)
1	Sojitz Corporation	27.33	2.02
2	Inner Mongolia Power (Group) Co., Ltd	13.54	1.00
3	Ningxia Baofeng Energy Co., Ltd	12.85	0.95
4	Tangshan Jidong Cement Co., Ltd Beijing Branch	12.76	0.94

B. Major suppliers of the Company

The procurement from the largest supplier is RMB853 million, accounting for 3.0% of the total annual procurement; the procurement of the top five suppliers is RMB3.719 billion, accounting for 13.1% of the total annual procurement; among the top five suppliers' procurement, that of the related parties is RMB718 million, accounting for 2.5% of the total annual procurement.

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

Unit: RMB100 million

Number	Suppliers	Procurement amount	Proportion in the total annual procurement (%)
1	State Grid Shandong Electric Power Company Zaozhuang Electricity Supply Company	8.53	2.99
2	Yankuang Guohong Chemical Co., Ltd.	7.18	2.52
3	Inner Mongolia Sai Mengte'er Coal Mining Co., Ltd.	6.86	2.41
4	Ordos Electricity Supply Branch of Inner Mongolia Power (Group) Co., Ltd.	6.35	2.33

Other Explanations:

- ① The biggest customer, the top five customers, the biggest supplier, and the top five suppliers are mainly the customers and suppliers relating to the self-produced products of main businesses of the Group.
- ② The above customers and suppliers are domestic and overseas companies with stable operation. The Group has specialized entities to conduct qualification examination, credit management and other dynamic monitoring and control on customers and suppliers to protect itself from risks.

3. Expenses and others

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

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4. R&D investment

(1) R&D investment

	Unit: RMB million
Expensed R&D investment during the reporting period	2,117
Capitalized R&D investment during the reporting period	0
Total R&D investment	2,117
Total R&D investment to sales income(%)	1.05
Share of capitalized R&D investment(%)	0

(2) R&D personnel

Number of R&D personnel in the Company	3,516
The number of R&D personnel to the total number of employees in the Company (%)	5.47
Educational background of the R&D personnel	
Category	Number
Personnel with PhD degree	5
Personnel with Master's degree	215
Personnel with Bachelor's degree	2,677
Personnel with vocational school diploma	377
Personnel with High school diploma or below	242
Age structure of the R&D personnel	
Category	Number
Below 30 years old (30 years old excluded)	359
30-40 years old (30 years old included, 40 years old excluded)	1,385
40-50 years old (40 years old included, 50 years old excluded)	1,434
50-60 years old (50 years old included, 60 years old excluded)	338
60 years old and above	0

(3) *Explanation*

Viewing as technology as the top driving force to enhance productivity, the Group has devoted itself to the implementation of the innovation-driven development strategy by promoting breakthroughs in R&D and upgrading technologies, which has proved effective in strengthening innovation capability. The Group has established 2 national R&D platforms namely the National Enterprise Technology Center and the Postdoctoral Research Station, 14 provincial and ministerial R&D platforms, and 12 high-tech enterprises. In addition, 262 patents were granted to the Group in 2022, including 26 inventions, 233 utility models and 3 external designs. The Group has also obtained 7 software copyrights and 29 provincial and ministerial awards in 2022.

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

Not applicable.

5. *Cash flow*

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

Source and use of fund

For the year 2022, the Group's source of fund was mainly from operating cash flow, bond issuance and bank loans. And the fund was mainly used for operating expenses, purchasing of property, machines and equipment, dividends payment to shareholders, bank loans repayment, consideration payment for assets and equity acquisition, etc.

In 2022, the Group's capital expenditure on property, machines and equipment is RMB12.363 billion.

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

(Prepared under CASs)

1. During the reporting period, the Group provisioned assets impairment loss of RMB2.408 billion, causing the net profit attributable to shareholders of the parent company to decrease by RMB1.713 billion as compared with that of the corresponding period of last year.

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(IV) Analysis on Assets and Liabilities

1. Assets and liabilities

Unit: RMB million

Items	Closing amount as at 31 December 2022	Percentage to the total assets as at 31 December 2022 (%)	Closing amount as at 31 December 2021	Percentage to the total assets as at 31 December 2021 (%)	Percentage of increase/decrease in closing amount (%)	Notes
Long-term receivables due within one year	4,591	1.49	1,445	0.48	217.61	① Finance lease receivable due within one year of Yankuang Financial Leasing increased by RMB1.162 billion as compared with that of the beginning of the year; ② Yankuang Finance Company reclassified the external loans due within one year of RMB2 billion as the long-term receivables assets due within one year.
Long-term receivables due over one year	3,089	1.00	6,343	2.10	-51.30	① During the reporting period, Yancoal Australia received repayment of long-term loans RMB688 million from Middle Mount Joint Venture. ② Loans and advances issued by Yankuang Finance Company decreased by RMB2.725 billion as compared with that of the beginning of the year.
Other accounts payable and accrued expenses	21,693	7.03	36,647	12.14	-40.81	Deposits of Yankuang Finance Company dropped by RMB13.645 billion compared with the beginning of year.
Borrowings due within one year	15,350	4.97	25,205	8.35	-39.10	The Group repaid bank borrowings of RMB8.384 billion, and a super-short term financing note of RMB3 billion.

Items	Closing amount as at 31 December 2022	Percentage to the total assets as at 31 December 2022 (%)	Closing amount as at 31 December 2021	Percentage to the total assets as at 31 December 2021 (%)	Percentage of increase/decrease in closing amount (%)	Notes
Taxes payable	10,072	3.26	2,492	0.83	304.19	Corporate income tax payable increased as compared with that of the beginning of the year.
Accrued expenses for subsidence, restoration, restructuring and environmental protection	9,189	2.98	3,692	1.22	148.89	The Group provisioned expenses for reclamation and environmental restoration of domestic mines.
Long-term accounts payable due over one year	5,032	1.63	3,624	1.20	38.87	The account payable for government special bonds increased by RMB1.5 billion as compared with that of the beginning of 2022.
Reserves	84,904	27.51	63,783	21.12	33.11	The accrued reserves for the Group increased.
Holder of perpetual capital securities	13,249	4.29	8,118	2.69	63.20	The Company issued renewable medium-term notes of RMB5.00 billion.

Other information

(1) Debt to equity ratio

As at 31 December 2022, the equity attributable to the shareholders of the Company was RMB89.852 billion and the total borrowings amounted to RMB76.164 billion, representing a debt-to-equity ratio of 84.8%.

For detailed information on borrowings, please refer to the Note “Risks related to Financial Tools – Goals and Policies on the Management of all Risks” to the Financial Statements prepared under the CASs.

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(2) Contingent liabilities

For details of the contingent liabilities, please refer to the Note “Contingent liabilities” to the financial statements prepared under the IFRS.

(3) Pledge of assets

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

2. Oversea assets

(Prepared under CASs.)

(1) Assets scale

As at 31 December 2022, the Group's overseas asset is RMB79.92 billion, representing 27.0% over the total asset.

(2) Elaboration on the high ratio of overseas assets to the total

Unit: RMB million

Overseas assets	Reasons of formation	Operation mode	Sales income as at the end of the reporting period	Net profits as at the end of the reporting period
Yancoal Australia	Incorporated	Independent operating	49,821	16,739
Yancoal International	Incorporated	Independent operating	5,642	1,782

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

(Prepared under the CASs.)

As at 31 December 2022, the Group's asset subject to restriction was RMB97.88 billion, which mainly includes restricted monetary funds, notes receivable and pledged assets through borrowings. For details, please refer to the Note “Notes on Major Items of Consolidated Financial Statements—Assets Subject to Restriction on Ownership or Right of Use” to the financial statements prepared under CASs.

4. Other explanation

Not applicable.

(V) Analysis on Business Operation

For details of coal business operation of the Group in 2022, please refer to the relevant contents on “Business Operation by Segments” in this Chapter.

1. Coal reserves

Major mining sites	Location	Main types	China national standard(CNS) ^①			JORC Standard ^②	
			Resources (million tons)	Proved reserve (million tons)	Reliable reserve (million tons)	In-situ resources (million tons)	Recoverable reserve (million tons)
Coal mines owned by the Company	Jining, Shandong	Thermal coal	3,128	300	140	679	247
Coal mines owned by Heze Neng Hua	Heze City, Shandong	1/3 Coking coal	387	51	128	159	83
Coal mines owned by Shanxi Neng Hua	Heshun County, Shanxi	Thermal coal	104	34	15	25	12
Coal mines owned by Shaanxi Future Energy	Yulin, Shaanxi	Thermal coal	1,631	649	226	966	495
Coal mines owned by Ordos Company	Ordos, Inner Mongolia	Thermal coal	518	189	59	318	202
Coal mines owned by Haosheng Company	Ordos, Inner Mongolia	Thermal coal	2,315	682	386	725	502
Coal mines owned by Inner Mongolia Mining ^③	Ordos, Inner Mongolia	Thermal coal	6,112	990	162	1,518	1,148
Subtotal of domestic reserves	-	-	14,195	2,895	1,117	4,390	2,688
Coal mines owned by Yancoal Australia	Queensland and New South Wales	PCI coal, thermal coal, semi-soft coking coal, semi-hard coking coal	/	/	/	7,749	1,499
Coal mines owned by Yancoal International	Queensland and Western Australia	PCI coal, thermal coal	/	/	/	1,547	141
Subtotal of oversea reserves ^④	-	-	/	/	/	9,296	1,640
Total	-	-	14,195	2,895	1,117	13,686	4,328

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Notes:

- ① Based on the standard of Solid Mineral Resources/Reserves Classification (China National Standard GB/T 17766-2020), resource reserves refer to solid mineral resources that could be exploited economically as projected after the mineral resources being explored, verified and studied. Its quantity, grading or quality are estimated in reference to the geographic conditions and relevant technical requirements. Proved reserves refer to the reserves estimated on the basis of proved resources after a pre-feasibility study, feasibility study, or equivalent technical and economic evaluation. Reliable reserves refer to the reserves estimated based on the amount of controlled resources after a pre-feasibility study, feasibility study or equivalent technical and economic evaluation; or estimated reserves based on proved resources when there exists uncertain conversion factors.
- ② According to the requirements of the Hong Kong Stock Exchange, the Group has carried out a unified resource reserve assessment of its coal mines in China in accordance with the international standard (JORC).

The In-situ Resources and Recoverable Reserves of coal are estimated in accordance with 100% equity and JORC Code 2012 as at 31 December 2022, of which, In-situ Resources and Recoverable Reserves from China domestic coal mines are based upon the competent person's report prepared by John T. Boyd Company in March 2023 and overseas In-situ Resources and Recoverable Reserves are based on the report prepared by competent persons appointed by overseas subsidiaries.

- ③ In addition to Yingpanhao Coal Mine, Inner Mongolia Mining holds the exploration rights of coal fields of Liusan Ge Dan and Galutu, of which, the reserve data is not available due to on going exploration. And the Group did not make assessment on the resources/reserves of the two coal mines in accordance with the International standard (JORC).
- ④ The Group did not make assessment on the resources/reserves of the coal mines affiliated to Yancoal Australia and Yancoal International in accordance with China National Standard of Resource Reserve.

2. Other explanations

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

In 2022, the coal exploration expenditure of the Group was RMB9,906 thousand, mainly including expenditures on optimizing exploration of Moolarben and Stratford coal mines under Yancoal Australia and exploration expenditure from Yancoal International. The capital expenditure for coal development and mining was RMB5.651 billion, mainly including the fixed capital expenditure on the existing coal mines as well as the coal development and mining costs generated from Wanfu coal mine, coal mines affiliated to Yancoal Australia and Yancoal International.

(2) *Major mine construction project*

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

No.	Project	Designed capacity (10,000t/a)	Investment as at the end of the reporting period (RMB100 million)	Construction progress
1	Wanfu Coal Mine	180	53.38	Estimated production in 2024
	Total	180	53.38	-

(VI) Investment Analysis

(Prepared under the CASS.)

Overall analysis on foreign equity investment

Not applicable

1. Major equity investment

Unit: RMB billion

Invested company	Major businesses	Mainly engaged in investment business	Investment method	The amount invested	Share holding	Whether consolidating Statement the financial account statements (if applicable)	Source of capital	JV partners (if applicable)	Investment horizon	Progress as of the balance sheet date (if any)	Estimated earnings	Impact on the profit and loss during the reporting period	Whether involved in litigation	Disclosure date (if any)	Disclosure index (if any)
Shandong Energy Group Finance Co., Ltd.	The Group's internal guarantee, deposit and loan business, bill acceptance and discount etc.	No	Capital increase	6.091	53.92%	Yes	Long-term equity investment	-	-	As approved at the 2022 Second Extraordinary General Meeting of Shareholders held on 28 October 2022, Yankuang Finance Company, the controlled subsidiary of the Company, shall be merged with Shandong Energy Group Finance Co., Ltd ("Shandong Energy Finance Company"). After the merger and reorganization, Yankuang Finance Company shall be closed while Shandong Energy Finance Company will remain, and the Company will become the controlling shareholder of the reorganized Shandong Energy Finance Company. At present, the Company is going through reviewing procedures of relevant finance regulatory institutions, and is undergoing industrial and commercial registration changes.	-	No	28 October 2022	For details, please refer to the announcement of resolution made at the 24th meeting of the eighth Board on 26 August 2022, the announcement of connected transactions on the merger between Yankuang Finance Company and Shandong Energy Finance Company, the announcement on the connected transactions that needs to be disclosed on 8 September 2022 and the announcement of resolution made at the 2022 Second Extraordinary General Meeting on 28 October 2022. Such information was published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.	

As approved at the 2022 Second Extraordinary General Meeting of Shareholders held on 28 October 2022, Yankuang Finance Company, the controlled subsidiary of the Company, shall be merged with Shandong Energy Group Finance Co., Ltd (“Shandong Energy Finance Company”). After the merger and reorganization, Yankuang Finance Company shall be deregistered while Shandong Energy Finance Company will remain, and the Company will become the controlling shareholder of the reorganized Shandong Energy Finance Company. For Details, please refer to the relevant contents in “Major Connected/Related Transactions” from “Chapter 7 Significant Events”.

2. Major non-equity investment

Not applicable

3. Financial assets measured at fair value

Unit: RMB'000

Assets categories	Amount at the beginning of the reporting period	Profit and loss due to changes in the fair value during the reporting period	Accumulated fair value changes included in equity	Impairment accrued during the reporting period	Purchase amount during the reporting period	Sales/redemption amount during the reporting period	Other changes	Amount at the end of the reporting period
Stock	386	-	55	-	425	-	-	866
Bonds	100,414	-349	-	-	-	100,065	-	-
Trust products	43,731	-	-	-	26,789	-	-	70,520
Derivative instruments	-	-	31,329	-	-	-	-	31,329
Others	1,620,016	116,281	-50	-	-	67,195	20,823	1,689,875
Total	1,764,547	115,932	31,334	-	27,214	167,260	20,823	1,792,590

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Stock investment

Unit: RMB'000

Security varieties	Security code	Security abbreviation	Initial investment amount	Source of capital	Book value as at the beginning of the reporting period	Profit and loss due to changes in the fair value during the reporting period	Accumulated fair value changes included in equity	Purchase amount during the reporting period	Sales amount during the reporting period	Investment profit and loss during the reporting period	Book value as at the end of the reporting period	Accounting accounts
Stock	601777	Lifan Technology	-	Debt restructuring	-	-	-	425	-	-	425	Tradable financial assets
Stock	601008	Lianyangang	89	-	386	-	55	-	-	-	441	Other equity instrument investment
Bonds	210011	21 Coupon Bearing National Bond 11	49,997	Monetary fund	50,233	-236	-	-	49,997	-	-	Tradable financial assets
Bonds	210015	21 Coupon Bearing National Bond 15	50,069	Monetary fund	50,181	-113	-	-	50,069	-	-	Tradable financial assets
Funds	004968	Hotland Innovative Currency B	50,000	Monetary fund	50,067	-56	-	-	49,000	-	1,012	Tradable financial assets
Trust product	-	CCB Trust-Colorful Butterfly No.6 Property Right Trust Scheme	43,731	Debt restructuring	43,731	-	-	26,789	-	-	70,520	Other equity instrument investment
Total	/	/	193,885	/	194,599	-405	55	27,214	149,066	-	72,398	/

Privately offered funds investment

Not applicable

Derivatives investment

Not applicable

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

Not applicable.

(VII) Disposal of Material Assets and Equity

Not applicable.

(VIII) Analysis of Major Controlled Companies and Invested Companies

(Prepared under CASs)

1. Major controlled companies

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

Unit: RMB million

Company name	Registered capital	31 December 2022		Net profit for the year 2022
		Total asset	Net asset	
Yancoal Australia	AUD6,027 million	60,016	37,858	16,739
Future Energy	5,400	30,974	22,293	6,858

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

- (2) The followings are the major controlled subsidiaries whose operating performance fluctuated significantly as compared with that of the same period of the previous year.

Lunan Chemicals:

In 2022, Lunan Chemicals achieved a net profit of RMB1.031 billion registering a decrease of RMB2.209 or 68.02% as compared with that of 2021, which is mainly due to the decrease in the price of coal chemical products as compared with that of the same period of 2021.

Yancoal Australia:

In 2022, Yancoal Australia achieved a net profit of RMB16.739 billion, representing an increase of RMB12.926 billion or 339.1% as compared with that of 2021, which is mainly due to the increase in salable coal prices as compared with that of 2021.

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2. Major invested companies

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

3. Operation of Yankuang Finance Company

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

(1) Governance of Yankuang Finance Company

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

(2) Risk management and internal control

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

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

(3) Deposit and loan balance during the reporting period

Unit: RMB million

	31 December 2022	31 December 2021	Increase/ decrease (%)
Deposit balance	25,639	37,781	-32.14
Loan balance	10,969	15,050	-27.12

(4) Major operational indicators during the reporting period

Unit: RMB million

Major operational indicators	2022	2021	Increase/ decrease (%)
Operating revenue	926	838	10.50
Net profits	460	336	36.72

	31 December 2022	31 December 2021	Increase/ decrease (%)
Net assets	6,162	5,702	8.06
Total assets	31,858	43,602	-26.94

(IX) Structural of Entities Controlled by the Company

Not applicable.

VI. DISCUSSION AND ANALYSIS ON FUTURE DEVELOPMENT OF THE COMPANY

(Data in this section are prepared under CASs)

(I) Industrial Pattern and Trend

For details of the industry competition pattern and development trend of the Company, please refer to the relevant contents in “Chapter 3 Chairman’s Statement”.

(II) Development Strategy of the Company

Amid undergoing profound changes in the global energy sector, the Company followed the development trend, comprehensively inspected its future development paths and approved the “Outline for the Company’s Development Strategy” at the 18th meeting of the eighth session of the Board on 1 December 2021 after consideration. In the outline, the Company has made strategic plannings for the low-carbon transformation under the “Carbon Peaking & Carbon Neutrality” goals as well as for its industrial layout for the coming 5-10 years. In addition, the Company clearly pinpointed its vision of building itself into a world-class clean energy supplier that leads the industry and features sustainable development, identified mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing and intelligent logistics as its five major industries, and spares no effort in cultivating new technologies, new businesses, and new models in an attempt to transform into a brand new energy enterprise that has achieved high-quality, high-efficiency, and low-carbon development.

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1. Mining: Intelligent, efficient, excellent & Strong. The Company strives to reach a 300 Mt/a coal production in 5-10 years, and build over eight green intelligent mines with production capacity exceeding 10 million tons. On the basis of the existing non-coal mineral assets, the Company will further explore the development of emolybdenum, gold, copper, iron, potash and others so as to achieve the transformation from pure coal mining to multi-mineral development.
2. High-end chemicals and new materials: Extend and strengthen industrial chain & improve added-value. Heading towards the goal of high-end, green and low carbon development, the Company will extend the existing chemical industry chain and build a R&D and production base for new chemical materials. In addition, the Company strives to achieve an annual output of 20 Mts chemicals in 5-10 years, of which new chemical materials and high-end chemicals account for more than 70%.
3. New energy: Prioritize strategy & accelerate development. The Company will promote the development and construction of new energy projects such as the generation & storage of wind power and photovoltaic power. The Company also strives to reach an installed capacity of more than 10 GW of new energy power generation in 5-10 years.
4. High-end equipment manufacturing: Secure breakthroughs in key areas and pursue specialized and innovative development. On the basis of the existing equipment manufacturing industry, the Company focuses on the development of high-end coal machinery manufacturing and other traditional advantageous products, expand business scope by manufacturing new energy equipment such as electric fan motors, and cultivate medium and high-end product series.
5. Intelligent logistics: Seek digital development and increase synergistic efficiency. The Company will strive to integrate products, users and third-party service providers with purpose of building a intelligent logistics system.

For details of the Group's development strategy, please refer to the Resolution of the Board of the Company announced on 15 December 2021 and the announcement on the implementation of the development strategy disclosed on 21 October 2022. Such information is available on the website of the SSE, HKEX, the Company's website and/or the China Securities Journal, the Shanghai Securities News, the Securities Times and the Securities Daily in the PRC.

(III) Operation Plan

For details of operation plan of the Group, please refer to the relevant contents in "Chapter 3 Chairman's Statement".

Relevant operation plan shall not be deemed as the Company's performance commitments to investors. Investors shall be reminded to be risk-aware and understand the difference between operation plan and performance commitments.

(IV) Capital Expenditure Plan

The Group's capital expenditure for the year 2023 is projected to be RMB14.996 billion, which is mainly sourced from the Group's self-owned funds, bank loans, bond issuance, etc.

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The capital expenditure for the year 2022 and the estimated capital expenditure for the year 2023 of the Group (grouped by entity) are set out in the following table:

Unit: RMB100 million

	2023 (Estimated)	2022	Main items
The Company	41.74	57.94	Investment for the maintenance of simple reproduction, intelligent mine construction, coal stock, and environment governance.
Huaju Energy	3.28	0.40	Investment in coal stock and new energy projects.
Railway logistics Company	5.16	0.52	Investment in special railway construction.
Donghua Heavy Industry	1.36	4.42	Investment in technology development
Heze Neng Hua	8.77	6.11	Investment in Wanfu coal mine and CHPP project.
Lunan Chemicals	11.96	9.21	Investment in the caprolactam project and its supporting facilities as well as the, polyformaldehyde project.
Future Energy	8.52	5.29	Investment in High temperature Fischer-Tropsch chemicals related project.
Yulin Neng Hua	1.79	0.80	Investment in phase II coal chemical DMMn project as well as investment in safety and environment protection.
Ordos Company	8.56	2.72	Investment in olefin and other chemical projects.
Haosheng Company	2.82	1.99	Investment in maintenance of simple reproduction, technical revamp, safety and technology.
Inner Mongolia Mining	3.64	2.72	Investment in maintenance of simple reproduction, technical revamp and investment in early stage for acquiring mining rights
Yancoal Australia	35.77	22.69	Investment in the maintenance of simple reproduction, safety, environment protection, exploration and others.
Yancoal International	12.80	8.23	Investment in the construction project of Tai'an Port, Road, Rail and Canal Combined Transport Logistics Industrial Park, maintenance of simple reproduction, safety, and Environment protection.
Other Subsidiaries	3.80	0.58	-
Total	149.96	123.63	-

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The capital expenditure for the year 2022 and the estimated capital expenditure for the year 2023 of the Group (grouped by fund uses) are set out in the following table:

Unit: RMB100 million

	2023 (Estimated)	2022
Infrastructure Construction Projects	55.39	35.18
Coal mine construction	14.53	15.99
Chemical projects	16.58	4.53
Logistics and warehouse projects	17.51	7.78
Other infrastructure projects	6.77	6.87
Maintenance of simple reproduction	76.80	54.15
Planned expenditure on safety production	12.70	7.19
Planned expenditure on scientific and technological development	1.77	–
Planned expenditure on technology revamp	3.29	20.52
Others	–	6.60
Total	149.96	123.63

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

(V) Possible Risks

Risks arising from safety management

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

Counter measures: The Group will implement a dual-prevention safety management system and strengthen the comprehensive identification of risk and hazard factors to ensure that risks are controllable. Besides, the Group will scientifically formulate management plans for major disasters during the “14th Five-Year Plan” (2021-2025), prepare management plans with precision by making tailored policies for every individual mine and establish a comprehensive management and control system for the purpose of improving the efficiency and precision of major disasters management. While accelerating the innovation-oriented development through the integration of automation, intelligentization and informatization, the Group strives to promote the intelligent upgrading of mining and excavating systems. The Group will also complete its safety management system for hazardous operation by making its more systemic, standardized and routinized.

Risks arising from environmental protection

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

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

Risks arising from exchange rate

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

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

Risks arising from geopolitics

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

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

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(VI) Others

1. *The impact from changes in exchange rate*

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

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

Affected by the fluctuations in foreign exchange rates, the Group had exchange gain of RMB648 million during the reporting period.

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

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

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

2. *Taxation*

In 2022, except for some domestic subsidiaries of the Company incorporated in the PRC that are subject to an income tax rate of 15% on their taxable profits under preferential income tax policy, the Company and the other subsidiaries incorporated in the PRC are subject to an income tax rate of 25% on their taxable profits. Yancoal Australia and Yancoal International are subject to a tax rate of 30% and 16.5%, respectively, on their taxable profits.

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

3. *Employees' pension scheme*

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

4. *Reserves*

Please refer to Note “Shareholders’ Equity” to the consolidated financial statements prepared in accordance with the IFRS for the changes of reserves during the year and the distributable reserves as of 31 December 2022.

5. *Donation*

The Group’s expenditure in 2022 amounted to RMB93,586 thousand.

6. *Environmental policy and performance*

Please refer to the sections headed “Social Responsibility” and “Environmental Information” under “Chapter 6 Environment and Social Responsibilities”.

7. *Compliance with laws, regulations and rules*

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

8. *Significant events after the reporting period*

Please refer to the section “Other significant matters that have a significant impact on the value judgments and investment decision-making of investors” under Chapter 7 Significant Events.

VII. EXPLANATIONS AND REASONS FOR FAILED DISCLOSURE DUE TO NON-COMPLIANCE OR LEAKAGE OF NATIONAL OR BUSINESS SECRETS

Not applicable

Corporate Governance

I. RELATED INFORMATION ON CORPORATE GOVERNANCE

The Company has closely monitored updates on the securities market standards and rule of law, and actively improved its corporate governance structure based on the reality. During the reporting period, the Company further enhanced its corporate governance. In accordance with the latest laws, regulations and regulatory rules, the Company has formulated “Rules on Authorizing the Management and General Manager to Report to the Board”, “External Directors Work System”, “Full-time Property Rights Representatives Management Principles” and others, revised and improved the “Articles of Association”, “Information Disclosure Management System”, “Management of Connected Transactions”, “Registration Management System for the Insiders”, “Management System for Investor Relations”, “Management System on the Shares Held by Shareholders, Directors, Supervisors, Senior Management and Related Insiders and its Changes” and other basic governance systems to ensure the standardized and efficient operation of the Company.

Please clarify whether there are significant differences between corporate governance of the Company and the provisions of laws, administrative regulations and the requirements on the governance of listed companies detailed by the CSRC; If any, the reasons should be stated.

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

II. CONCRETE MEASURES TAKEN BY THE COMPANY’S CONTROLLING SHAREHOLDER AND THE ACTUAL CONTROLLER IN ENSURING THE INDEPENDENCE OF THE COMPANY IN ASSETS, PERSONNEL, FINANCE, INSTITUTIONS, BUSINESSES AND OTHER ASPECTS. SOLUTIONS, WORK PROGRESS AND FOLLOW-UP PLANS IN OFFSETTING THE IMPACT OF THE INDEPENDENCE OF THE COMPANY.

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

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

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

III. SHAREHOLDERS' GENERAL MEETING DURING THE REPORTING PERIOD

Session and Number of Meeting	Date of Meeting	Designated Websites on which Resolutions Posted	Date of Resolutions Disclosed	Resolutions
The 2022 First Extraordinary General Meeting of Shareholders	27 January 2022	The website of Shanghai Stock Exchange (http://www.sse.com.cn)	27 January 2022	All proposals approved
The 2022 First Class Meeting of the Holders of A Shares	27 January 2022	The website of Hong Kong Stock Exchange (http://www.hkexnews.hk)	27 January 2022	All proposals approved
The 2022 First Class Meeting of the Holders of H Shares	27 January 2022	The Company's website (http://www.yanzhoucoal.com.cn)	27 January 2022	All proposals approved
The 2021 Annual General Meeting	30 June 2022		30 June 2022	All proposals approved
The 2022 Second Class Meeting of the Holders of A Shares	30 June 2022		30 June 2022	All proposals approved
The 2022 Second Class Meeting of the Holders of H Shares	30 June 2022		30 June 2022	All proposals approved
The 2022 Second Extraordinary General Meeting of Shareholders	28 October 2022		28 October 2022	All proposals approved

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

Not applicable

Explanation on General Meeting of Shareholders

Not applicable

Chapter 05 Corporate Governance

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

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

Unit: Shares

Name	Title (notes)	Gender	Age	Start of Term of Office	End of Term of Office	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/decrease of shareholding during the reporting period	Reasons for increase/decrease	Total remuneration before tax received from the Company during the reporting period (RMB0'000)	Whether remuneration was received from related parties of the Company
Li Wei	Director, Chairman	Male	56	20 August 2021	19 June 2023	10,000	10,000	0	-	0	Yes
Liu Jian	Director	Male	54	24 May 2019	19 June 2023	85,800	85,800	0	-	0	Yes
Xiao Yaomeng	Director	Male	50	20 August 2021	19 June 2023	49,500	299,000	249,500	Exercise option, restricted stock grant	168.21	No
	General Manager			30 July 2021	19 June 2023						
Zhu Qingrui	Director	Male	57	20 August 2021	19 June 2023	0	0	0	-	0	Yes
Zhao Qingchun	Director	Male	55	3 June 2016	19 June 2023	85,800	331,600	245,800	Exercise option, restricted stock grant	127.39	No
	CFO			6 January 2016	19 June 2023						
Huang Xiaolong	Director	Male	45	20 August 2021	19 June 2023	0	160,000	160,000	Restricted stock grant	93.97	No
	Secretary of the Board			30 July 2021	19 June 2023						
Tian Hui	Independent Director	Male	71	19 June 2020	19 June 2023	0	0	0	-	15.00	No
Zhu Limin	Independent Director	Male	71	19 June 2020	19 June 2023	0	0	0	-	15.00	No
Cai Chang	Independent Director	Male	51	27 November 2017	19 June 2023	0	0	0	-	15.00	No
Poon Chiu Kwok	Independent Director	Male	60	29 June 2017	19 June 2023	0	0	0	-	15.00	No
Li Shipeng	Supervisor	Male	45	19 June 2020	19 June 2023	0	0	0	-	0	Yes
	Vice Chairman of the Supervisory Committee			20 August 2021	19 June 2023						
Zhu Hao	Supervisor	Male	51	20 August 2021	19 June 2023	0	0	0	-	0	Yes
Qin Yanpo	Supervisor	Male	48	19 June 2020	19 June 2023	0	0	0	-	0	Yes
Su Li	Employee Supervisor	Male	50	17 June 2020	19 June 2023	0	0	0	-	128.38	No

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Name	Title (notes)	Gender	Age	Start of Term of Office	End of Term of Office	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/decrease of shareholding during the reporting period	Reasons for increase/decrease	Total remuneration before tax received from the Company during the reporting period (RMB0'000)	Whether remuneration was received from related parties of the Company
Deng Hui	Employee Supervisor	Male	50	30 November 2021	19 June 2023	0	0	0	-	55.14	No
Li Hongguo	Vice General Manager	Male	53	24 March 2023	19 June 2023	0	0	0	-	0	No
Zhang Chuanchang	Vice General Manager	Male	54	20 April 2020	19 June 2023	0	160,000	160,000	Restricted stock grant	133.52	No
Tian Zhaohua	Vice General Manager	Male	56	9 December 2020	19 June 2023	49,500	259,000	209,500	Exercise option, restricted stock grant	129.74	No
Ma Junpeng	Chief Engineer	Male	49	30 March 2022	19 June 2023	3,000	131,600	128,600	Exercise option, restricted stock grant, shareholding decrease	59.67	No
Kang Dan	Chief Safety Officer	Male	43	29 April 2022	19 June 2023	0	80,000	80,000	Exercise option, restricted stock grant, shareholding decrease	49.23	No
You Jiaqiang	Vice General Manager	Male	52	28 October 2022	19 June 2023	0	0	0	-	7.60	No
Wang Jiahong	Vice General Manager	Male	46	28 October 2022	19 June 2023	0	80,000	80,000	Exercise option, restricted stock grant, shareholding decrease	125.45	No
Zhang Lei	CIO	Male	50	27 March 2020	19 June 2023	0	0	0	-	438.85	No
Wang Ruolin	Employee Director (Resigned)	Male	55	17 June 2020	24 August 2022	49,500	259,000	209,500	Exercise option, restricted stock grant	99.86	No
Zhou Hong	Chairman of the Supervisory Committee (Resigned)	Male	52	20 August 2021	25 January 2022	0	0	0	-	0	No
Liu Qiang	Vice General Manager (Resigned)	Male	50	29 September 2021	28 April 2022	0	160,000	160,000	Restricted stock grant	11.40	Yes

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Name	Title (notes)	Gender	Age	Start of Term of Office	End of Term of Office	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Increase/decrease of shareholding during the reporting period	Reasons for increase/decrease	Total remuneration before tax received from the Company during the reporting period (RMB0'000)	Whether remuneration was received from related parties of the Company
Gong Zhijie	Vice General Manager (Resigned)	Male	57	27 December 2018	28 April 2022	85,800	288,700	202,900	Exercise option, restricted stock grant, shareholding decrease	30.81	No
Zhang Yanwei	Vice General Manager (Resigned)	Male	50	30 July 2021	25 September 2022	0	160,000	160,000	Restricted stock grant	63.14	Yes
Li Weiqing	Vice General Manager (Resigned)	Male	52	1 December 2021	7 November 2022	0	209,500	209,500	Exercise option, restricted stock grant	123.42	Yes
Total	/	/	/	/	/	418,900	2,674,200	2,255,300	/	1,905.78	/

Notes:

- ① As at the end of the reporting period, the current and the resigned Directors, Supervisors and Senior Management of the Company held a total of 2,674,200 A shares, representing approximately 0.054% over the total share capital of the Company. All the interests disclosed above represent holdings of long-position shares of the Company.
- ② As of the disclosure date of this report, some Directors and Senior Management of the Company have changed their shareholdings due to the share incentive. For details, please refer to the relevant contents of this Chapter on equity incentives.
- ③ For personal reasons, Mr. Tian Hui submitted the application on 29 March 2022 to resign from his position as the Independent Director as well as his positions at the Audit Committee, Nomination Committee and the Sustainable Development Committee. In accordance with relevant regulations, Mr. Tian Hui continues to perform his relevant duties. For detailed information, please refer to the section headed “Changes in Directors, Supervisors and Senior Management of the Company”.

Name	Major Work Experiences
Li Wei	<p>Mr. Li Wei, born in September 1966, is a research fellow in engineering technology applications and holds a doctoral degree in engineering. Currently, Mr. Li Wei serves as the Chairman of the Company, the Secretary of the CPC Shandong Energy Committee and Chairman of Shandong Energy Group Co., Ltd. Mr. Li Wei joined the predecessor company in 1988, took office as the Vice General Manager of Baodian coal mine of the former Yankuang Group in December 1996 and was appointed as the Director of Restructuring Division of Strategic Resource Development Department of Yankuang Group in May 2002. In September 2002, he was appointed as the Secretary of the CPC Xilin Neng Hua Committee, Chairman and General Manager of Xilin Neng Hua Co., Ltd. Mr. Li Wei started to preside over works at Baodian Coal Mine of the Company in March 2004 and later became the Deputy Secretary of the CPC Baodian Coal Mine Committee and the General Manager of Baodian Coal Mine of the Company in September 2004. He became the Deputy Secretary of the CPC Nantun Coal Mine Committee and the General Manager of Nantun Coal Mine of the Company, Deputy Chief Engineer and Deputy Director of the Safety Supervision Bureau of Yankuang Group in August 2007 and August 2009 successively. Mr. Li Wei took positions as the Vice General Manager and Director of the Safety Supervision Bureau of Yankuang Group in April 2010, and was employed as Deputy Secretary of the CPC Yankuang Committee, Director and General Manager of Yankuang Group in May 2015. He was promoted as the Vice Chairman of the Board of the Company in June 2016, the Deputy Secretary of the CPC Hualu Holdings Committee, Director and General Manager of Hualu Holdings Co., Ltd. in August 2020 and the Secretary of the CPC Shandong Energy Group Co., Ltd Committee and the Chairman of Shandong Energy in June 2021. In August 2021, Mr. Li Wei took the position as the Chairman of the Company. Mr. Li Wei graduated from University of Science and Technology Beijing.</p>
Liu Jian	<p>Mr. Liu Jian, born in February 1969, a research fellow in applied engineering technology, master degree in engineering, is the Director of the Company, the Vice General Manager of Shandong Energy, and a member of the Standing Committee of CPC Shandong Energy Committee. Mr. Liu joined the Company's predecessor in 1992 and was appointed as the Vice General Manager of Dongtan Coal Mine of the Company in 2009. He was appointed as the Deputy Secretary of the CPC Jining No.3 Coal Mine Committee and the General Manager of Jining No.3 Coal Mine in March 2014. In January 2016, Mr. Liu Jian took positions as the Deputy Secretary of the CPC Dongtan Coal Mine Committee and the General Manager of Dongtan Coal Mine. In December 2016, he was appointed as the Vice General Manager of the Company. In April 2020, he was appointed as the General Manager and the Secretary of the CPC committee of the Company. In February 2021, Mr. Liu Jian took positions as the Vice General Manager and the Member of the Standing Committee of the CPC Shandong Energy Group Co., Ltd Committee. He became the Director of the Company in May 2019. Mr. Liu graduated from Shandong University of Science and Technology.</p>

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Name	Major Work Experiences
Xiao Yaomeng	<p>Mr. Xiao Yaomeng, born in March 1972, is a research fellow in applied engineering technology with a master degree of engineering. Currently, Mr. Xiao Yaomeng serves as the Secretary of the CPC Yankuang Energy Committee, Director and General Manager of the Company. Mr. Xiao Yaomeng joined the Company's predecessor in 1994 and was appointed as the Director of the Safety Inspection Department of Dongtan Coal Mine of the Company in August 2013, and the Party Secretary, the Chairman and the General Manager of Guizhou Wulunshan Coal Mining Company Limited in October 2014. In December 2016, he was appointed as the Vice General Manager of Yankuang Guizhou Neng Hua Company Limited, Secretary of the CPC Guizhou Wulunshan Coal Mining Committee and Chairman of Guizhou Wulunshan Coal Mining Company Limited. In July 2018, he was appointed as the Deputy Secretary of the CPC Jining No.3 Coal Mine Committee and the General Manager of Jining No. 3 Coal Mine of the Company. In April 2020, he was appointed as the Vice General Manager of the Company. In July 2021, he took office as the Secretary of the CPC Yankuang Energy Committee and the General Manager of the Company. Mr. Xiao Yaomeng became the Director of the Company in August 2021. Mr. Xiao Yaomeng graduated from China University of Mining and Technology.</p>
Zhu Qingrui	<p>Mr. Zhu Qingrui, born in February 1966, is a research fellow in applied engineering technology with a PhD degree in engineering. Currently, he serves as the Director of the Company, and the Chief Engineer (specialized in chemical engineering) of Shandong Energy. Mr. Zhu joined Lunan Chemical Fertilizer Factory in 1990 and became the Deputy Chief Engineer of Yankuang Cathay Coal Chemical in 2003. In 2007, he was promoted as the Chief Engineer of Yankuang Cathay Coal Chemical. He took office as the Vice General Manager and Director of chemical project preparation office of Yanzhou Coal Ordos Company in 2009 and later in 2013, while remaining as the Vice General Manager of Yanzhou Coal Ordos Company, Mr. Zhu also served as the Deputy Secretary of the CPC Inner Mongolia Rongxin Chemical committee, Executive Director and General Manager of Inner Mongolia Rongxin Chemical. In 2014, he remained as the Vice General Manager of Yanzhou Coal Ordos Company and was promoted as Secretary of the CPC Inner Mongolia Rongxin Chemical committee, and served as Executive Director and General Manager of Inner Mongolia Rongxin Chemical. Mr. Zhu was the Deputy Secretary of CPC Yankuang Coal Chemical Engineering Committee and the Director and General Manager of Yankuang Coal Chemical Engineering in 2015. In 2016, Mr. Zhu took office as the Deputy Secretary of the CPC Yankuang Chemical Committee and the Director and General manager of Yankuang Chemical Company Limited. Later in 2018, Mr. Zhu served as the Secretary of the CPC Future Energy Committee and the Director and General Manager of Future Energy. As of 2020, Mr. Zhu became the General Manager Assistant of Yankuang Group Company Limited, and took positions as the Secretary of the CPC Future Energy Committee and the Director and General Manager of Future Energy. In 2021, He served as the General Manager Assistant of Shandong Energy and took positions as the Secretary of the CPC Future Energy Committee and the Director and General Manager of Future Energy. In 2022, he became the Chief Engineer (specialized in chemical engineering) of Shandong Energy, the Deputy Secretary of the CPC Shandong Yulong Petrochemical Committee, and the Vice Chairman and Executive Director of Shandong Yulong Petrochemical Co., Ltd. In August 2021, Mr. Zhu became the Director of the Company. Mr. Zhu graduated from East China University of Science and Technology.</p>

Name	Major Work Experiences
Zhao Qingchun	<p>Mr. Zhao Qingchun, born in March 1968, is a Senior Accountant with an EMBA degree. Currently, he serves as the Director and CFO of the Company. Mr. Zhao joined the Company's predecessor in 1989 and was appointed as the Chief Accountant of Finance Department in 2002 and Director of the Planning and Finance Department of the Company in 2006. In March 2011, he was appointed as the Vice Chief Financial Officer and the Director of the Finance Department of the Company. In March 2014, Mr. Zhao was appointed the General Manager Assistant and the Director of the Finance Management Department of the Company. In January 2016, he was appointed as the CFO of the Company. And he was appointed as the Director of the Company in June 2016. Mr. Zhao graduated from Nankai University.</p>
Huang Xiaolong	<p>Mr. Huang Xiaolong, born in November 1977, Senior Economist, Master of Laws, is the Director and Secretary of the Board of the Company. Mr. Huang joined the predecessor of the Company in 1999 and became the Securities Affairs Representative of the Company in 2006. In 2008 and 2012, he took office as the Deputy-Director-Level Secretary of the Board Secretariat of the Company and the Deputy Director of the Board Secretariat successively. He served as the Director of the former Shandong Energy Equity Reform and Restructuring Office in 2013, and a Standing-Director of the Board Secretariat of Shandong Energy in August 2020. In July 2021 and August 2021, he became the Secretary of the Board of the Company and a Director of the Company successively. Mr. Huang graduated from the University of International Business and Economics.</p>
Tian Hui	<p>Mr. Tian Hui, born in August 1951, has multiple identities as the professor-level Senior Engineer, and the National Engineering Survey and Design Master. He is Independent Director of the Company. He is awarded the special allowance by the State Council. Mr. Tian currently serves as the Chief Supervisor of China Coal Society, the Senior Counselor of China National Coal Association, the Director of China Railway Engineering Group, the Director of China Galaxy Investment Management Co., Ltd, the Distinguished Professor of China Business Executives Academy, Dalian, the Doctoral Supervisor of Liaoning Technical University and the Independent Director of the Company. Mr. Tian has assumed the positions as the former Vice Director and the Vice President of Shenyang Engineering Institute of Ministry of Coal, the President and the Party Secretary of China Coal International Engineering Design and Research Institute, the Party Secretary and the Vice Chairman of China Coal Technology & Engineering Group, and the Vice President of China National Coal Association and the Vice President of China Coal Society, successively. In June 2020, he became an Independent Director of the Company. Mr. Tian graduated from China University of Mining and Technology.</p>

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Name	Major Work Experiences
Zhu Limin	<p>Mr. Zhu Limin, born in October 1951, Master's degree in Economics, is an independent Director of the Company. Mr. Zhu has assumed the positions as the Vice Director of the pilot department of former State Commission for Economic Restructuring ("SCER"), the Director of the planning department of the former SCER, the Vice General Manager of the Chinese Joint-Stock Enterprise Consulting Company under the former SCER, the Deputy Director of the Inspection Department of China Securities Regulatory Commission ("CSRC"), the Deputy Director-General of the Inspection Bureau of CSRC, the Director of the Dispatched Offices Work Coordination Department of CSRC and the Director of Investor Education Office of CSRC, the Compliance Director of China Securities, the Chairman of the Supervisory Committee of China Securities. Now, Mr. Zhu serves as a Director of Focus Technology Co., Ltd., the Independent Director of Huarun Chemical Materials Technology Inc., Cinda Securities Co., Ltd, and Nantong Guosheng Intelligence Technology Group. In June 2020, he became an Independent Director of the Company. Mr. Zhu graduated from Nankai University and Renmin University of China.</p>
Cai Chang	<p>Mr. Cai Chang, born in December 1971, holds multiple identities as a Professor, Doctoral Supervisor, Doctor of Accountancy, Post-doctor of Economics, and International Certified Senior Public Accountant (ICSPA), and serves as an Independent Director of the Company. Mr. Cai is currently the Director of the Tax Planning and Legal Research Center of the Central University of Finance and Economics, the Dean of the Tax Administration Department of School of Public Finance and Tax, and the Director of Editorial Board of the Chinese Tax and Legal Think Tank. Mr. Cai is also a Council Member of China Certified Tax Agents Association, an Academic Member of China International Taxation Research Institute, a researcher of CITIC Foundation for Reform and Development Studies, and the Chair Professor of Minjiang Scholarship. Mr. Cai presided over the completion of a number of national and provincial key scientific research projects and published ten famous works in the field of accounting and tax. Mr. Caichang currently serves as the Independent Director for Harbin Electric Corporation Jiamusi Electric Machine Company Limited, Sunshine Asset Management Corporation Limited, Beijing Chexun Internet Co., Ltd., and Zhejiang HuaRay Technology Co., Ltd. Mr. Cai was appointed as the Independent Director of the Company in November 2017. Mr. Cai graduated from Tianjin University of Finance and Economics and the Chinese Academy of Social Sciences.</p>

Name	Major Work Experiences
Poon Chiu Kwok	<p>Mr. Poon Chiu Kwok, born in April 1962, holds multiple identities as a master graduate of laws, a bachelor of laws and a bachelor of business, a master of international accounting, FCPA Australia, a Senior Member of Hong Kong Institute of Chartered Secretaries and a Member of its consulting group, the Member of China Board of Directors, Board of Supervisors, and Specialized Committees. He is also a Member of the China Focus Group, a Senior Member of the Chartered Corporate Governance Institute (formerly Institute of Chartered Secretaries and Administrators), a senior member of the Hong Kong Securities and Investment Association, and serves as an Independent Director of the Company. Mr. Poon currently is the Executive Director, Vice President and the Company Secretary of Huabao International Holdings Limited. Mr. Poon has worked for investment banks for many years and is experienced in listed company governance, capital operation and management and has cross-industry working experience. Now he also acts as the Independent Director of companies listed in the HKEX including Sunac China Holdings Limited, SANY Heavy Equipment International Holdings Limited, AUX International Holdings Limited, Chongqing Changan Minsheng APLL Logistics Co., Ltd., Green Town Service Group Co., Ltd., Yuanda China Holdings Limited, Jinchuan Group International Resource Co. Ltd. Mr. Poon was appointed as an Independent Director of the Company in June 2017. He graduated from University of London UK.</p>
Li Shipeng	<p>Mr. Li Shipeng, born in February 1978, Senior Accountant, Master of Engineering, serves as the Vice Chairman of the Company's Supervisory Committee and the Director of the Finance Management Department of Shandong Energy. Mr. Li joined the Company in 2000, and was appointed as the Chief Accountant, the Deputy Director of Finance Management Department of Yankuang Group (preside over work) and the Director of Finance Management Department of Shandong Energy in November 2017, January 2020 and July 2020 respectively. He was appointed as a Supervisor of the Company in June 2020. He became the Vice Chairman of the Supervisory Committee of the Company in August 2021. Mr. Li graduated from China University of Petroleum.</p>
Zhu Hao	<p>Mr. Zhu Hao, born in October 1971, Senior Economist, serves as a Supervisor of the Company and the Director of the Operation Management Department of Shandong Energy. Mr. Zhu was appointed as the Chief Economist of Suncun Coal Mine of Xinwen Mining Group Co., Ltd. in 2001, and served as the Chief Economist and a Member of the CPC Suncun Coal Mine Committee in 2007. He took the position as Deputy Director of the Operation Management Department of Xinwen Mining Group in 2010 and was promoted as the Director of the Operation Management Department of Xinwen Mining Group in 2012 while serving as the head of the Inspection Office. In 2014, Mr. Zhu was the Deputy Director of the Performance Operation Department of the former Shandong Energy Group and he became the Director of Economic Operation Department of the former Shandong Energy Group in 2017 and the Director of Operational Management Department of Shandong Energy in August 2020. Mr. Zhu started to serve as the Supervisor of the Company in August 2021. Mr. Zhu graduated from Shandong University.</p>

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Name	Major Work Experiences
Qin Yanpo	<p>Mr. Qin Yanpo, born in February 1975, Senior Accountant, Senior Auditor with a master degree, is the Supervisor of the Company, Director and CFO of Shandong Energy Luxi Mining Co., Ltd. Mr. Qin joined the predecessor of the Company in 1996 and was appointed as the Director of the Finance Management Department of Ordos Company in September 2014. He was successively appointed as Chief Financial Officer and Chief Legal Consultant of Ordos Company in November 2016, and the Director, Chief Financial Officer and Chief Legal Consultant of Ordos Company in January 2019. In April 2020, he was appointed as the Director of the Audit and Risks Department of Yankuang Group and the head of Audit Center. He became the Director of the Audit and Risks Department of Shandong Energy in July 2020. He took office as Director and CFO of Shandong Energy Luxi Mining Co., Ltd. in November 2021 and became the Supervisor of the Company in June 2020. Mr. Qin graduated from Northwest Polytechnical University.</p>
Su Li	<p>Mr. Su Li, born in July 1972, is a Professor-level Senior Administrative Officer and Senior Economist with a master degree, and currently serves as Deputy Party Secretary, Employee Supervisor and Head of the Trade Union of the Company. Mr. Su joined the Company's predecessor in 1996 and served as the Deputy Director of the General Administrative Office of Yankuang Group Co., Ltd. in October 2008. He was appointed as the Director of Human Resource Division of Yankuang Donghua Group in June 2012. In March 2014, he was appointed as the Director of the Human Resource Department of the Company. In January 2016, Mr. Su was appointed as the General Manager Assistant and served as the Director of Human Resource Department of the Company. He was appointed as the General Manager Assistant and the Director of the Organization Department of the CPC Committee (Human Resource Department) of the Company in June 2016, and the Secretary of the Discipline Inspection Commission of the Company in March 2020. He was further promoted as Employee Supervisor of the Company in June 2020 and Deputy Party Secretary and Head of Trade Union of the Company in September 2022. Mr. Su Li graduated from China University of Mining and Technology.</p>

Name	Major Work Experiences
Deng Hui	<p>Mr. Deng Hui, born in April 1972, holds a master's degree and is the Employee Supervisor of the Company. Mr. Deng Hui joined the predecessor of the Company in July 1994, and was appointed as the Director of the Comprehensive Management Department of Future Energy in October 2014. In June 2016, he worked as the Secretary of the Discipline Inspection Committee of the Coal-to-Oil Branch of Future Energy and a member of the CPC Future Energy Coal-to-Oil Branch Committee. He took positions as Deputy Secretary of the CPC Yanzhou Coal Mining Railroad Transportation Division Committee, Secretary of the Discipline Inspection Committee and Chairman of Trade Union of the Railroad Transportation Division of the Company in October 2017, and Deputy Secretary of the CPC Yangcun Coal Mine Committee, Secretary of the Discipline Inspection Committee and Chairman of Trade Union of Yangcun Coal Mine in December 2018. In October 2021, he became Vice Chairman of the Trade Union, Director of the Mass Organization Work Department and Head of the Correspondence & Visitation Office of the Company. In June 2022, he became the Party Secretary, Vice Chairman and Chairman of the Trade Union in Shandong Yankuang International Coking Co.,Ltd. Mr. Deng took office as Employee Supervisor in November 2021. Mr. Deng Hui graduated from China University of Mining and Technology.</p>
Li Hongguo	<p>Mr. Li Hongguo, born in April 1969, a research fellow in applied engineering technology with a bachelor's degree, is the Vice General Manager of the Company. In September 2016, Mr. Li was appointed as the Vice General Manager of Suncun Coal Mine affiliated to Xinwen Mining Group Co., Ltd. In February 2018, he became the Vice General Manager of Shandong New Dragon Energy Co., Ltd affiliated to Xinwen Mining Group. In June 2019, he served as the General Manager of Xiezhuang Coal Mine of Xinwen Mining Group and the Director and Chairman of Tai'an Baichuan Paper Co., Ltd. He was appointed as the Chief Safety Officer of Xinwen Mining Group in January 2022. In March 2023, Mr. Li was promoted as the Vice General Manager of the Company. Mr. Li graduated from Shandong University of Science and Technology.</p>
Zhang Chuanchang	<p>Mr. Zhang Chuanchang, born in October 1968, a research fellow in applied engineering technology and a master of engineering, serves as the Vice General Manager of the Company. Mr. Zhang joined the Company's predecessor in 1990. He was appointed as the Vice General Manager of Yushuwan Coal Mine and the General Manager of Jinjitan Coal Mine of Future Energy in 2006 and 2014, respectively. In May 2018, he was appointed as the Vice General Manager of Future Energy and the General Manager of Jinjitan Coal Mine of Future Energy. In April 2020, he served as the Deputy Party Secretary, Chairman and General Manager of Yanzhou Coal Ordos Company Company Limited. He was further promoted as Vice General Manager of the Company in April 2020. Mr. Zhang graduated from Shandong University of Science and Technology.</p>

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Name	Major Work Experiences
Tian Zhaohua	<p>Mr. Tian Zhaohua, born in September 1966, a Professor-level Senior Administrative Officer, and the postgraduate degree in the Party School of the CPC Shandong Provincial Committee. He serves as Vice General Manager of the Company. He joined the predecessor of the Company in 1984. In June 2002, he served as the Secretary of the CPC General Branch of Jining No.3 Coal Mine Coal Preparation Plant of the Company. In April 2008, he was promoted as the Party Secretary and the General Manager of Jining No.3 Coal Mine Coal Preparation Plant of the Company. In December 2012, he served as the Deputy Secretary of the CPC Committee, the Secretary of the Discipline Inspection Committee, and the Chairman of Trade Union of the Company's Xinglongzhuang Coal Mine. In December 2014, he became a member of the Standing Committee of the CPC Xinglongzhuang Coal Mine Committee, and the Vice General Manager of Xinglongzhuang Coal Mine. In May 2015, he took office as the Secretary of the CPC Jinjitan Coal Mine Committee of Shaanxi Future Energy Chemicals Co., Ltd. and the Vice General Manager of the Jinjitan Mine. In November 2017, he served as the Party Secretary and the Vice General Manager of the Methanol Plant of the Company's Yulin Neng Hua Company Limited. In September 2018, he became the Director of the Mining Area Relocation Office of the Company. In December 2019, he served as the Deputy Chief Economist and the Director of the Mining Area Relocation Office. In December 2020, he took posts as Vice General Manager of the Company. He graduated from the Party School of the CPC Shandong Provincial Committee.</p>
Ma Junpeng	<p>Mr. Ma Junpeng, born in March 1973, a research fellow in applied engineering technology with a master degree in engineering, serves as the Chief Engineer of the Company. Mr. Ma was appointed as the Chief Engineer of Xinglongzhuang Coal Mine of the Company since August 2013, the Vice General Manager and the Chief Engineer of Xinglongzhuang Coal Mine of the Company since December 2016 and the Deputy Secretary of the CPC Xinglongzhuang Coal Mine Committee and the General Manager of Xinglongzhuang Coal Mine of the Company since January 2017. In May 2021, Mr. Ma took position as the Deputy Secretary of the CPC Nantun Coal Mine Committee and the General Manager of Nantun Coal Mine of the Company. Mr. Ma started to serve as the Chief Engineer of the Company in March 2022. Mr. Ma graduated from China University of Mining and Technology.</p>
Kang Dan	<p>Mr. Kang Dan, born in March 1980, Senior Engineer with a master degree in engineering, now serves as Chief Safety Officer of the Company since April 2022. Mr. Kang served as the Vice General manager of the Company's Nantun Coal Mine in March 2016, the Deputy Party Secretary and General Manager of the Nantun Coal Mine in April 2020, the Deputy Party Secretary and General Manager of Xinglongzhuang Coal Mine in May 2021. He became the Chief Safety Officer of the Company in April 2022. Mr. Kang graduated from China University of Mining and Technology.</p>

Name	Major Work Experiences
You Jiaqiang	<p>Mr. You Jiaqiang, born in March 1970, a research fellow in applied engineering technology with a bachelor's degree in engineering, is the Vice General Manager of the Company. In June 2006, Mr. You took the position as the Vice General Manager and the Chief Engineer of Shanxi Tianhao Chemical Co., Ltd. In April 2011, he headed the Coal-to-Oil Project at Yanzhou Coal Ordos Company Company Limited (Ordos Company). He became the Deputy Chief Engineer at Ordos Company in August 2014. In January 2015, Mr. You started to serve as the Deputy Secretary of the CPC Yankuang Xinjiang Coal Chemical Committee, the Executive Director and the General Manager of Yankuang Xinjiang Coal Chemical Co., Ltd. In November 2017, he became the Vice General Manager of Yankuang Xinjiang Nenghua Co., Ltd. In April 2018, Mr. You was appointed as the Executive Vice General Manager and the Chief Engineer of Yankuang Chemical Company Limited. In August 2019, he was appointed as the Deputy Secretary of the CPC Shandong Minerals Committee, the Director and General Manager of Shandong Minerals Co., Ltd. In April 2021, he was appointed as the Deputy Secretary of the CPC Yunding Technology Committee, the Director and General Manager of Yunding Technology Co., Ltd. In November 2021, he took positions as the Deputy Secretary of the CPC Yankuang Xinjiang Nenghua Committee, Director and General Manager of Yankuang Xinjiang Nenghua Co., Ltd. In October 2022, he took positions as the Party Secretary and General Manager of the CPC Yankuang Energy Chemical Subbranch. He became the Vice General Manager of the Company in October 2022. Mr. You graduated from Chengdu University of Science and Technology.</p>
Wang Jiuhong	<p>Mr. Wang Jiuhong, born in June 1976, Senior Engineer with a bachelor degree in engineering, is the Vice General Manager of the Company. Mr. Wang was appointed as Chief Engineer of Nantun Coal Mine in September 2014, Secretary of the Party Branch and the General Manager of Anyuan Coal Mine of Yanzhou Coal Ordos Company Co., Ltd. in December 2016, and the Deputy Director of the Production Technology Department and the Deputy Director of Ventilation and Disasters Prevention Department of the Company in October 2017. He was further promoted as Party Branch Secretary, the Executive Director and the General Manager of Ordos Zhuanlongwan Coal Co., Ltd. in September 2018, the Vice General Manager of Yanzhou Coal Ordos Company Co., Ltd. and the Party Secretary, Director and the General Manager of Haosheng Company in December 2020. In November 2021, Mr. Wang Jiuhong took positions as the Party Secretary and the General Manager of Yanzhou Coal Ordos Company Co., Ltd., and the Chairman of Haosheng Company. In June 2022, he became the Director of Haosheng Company. In October 2022, he became the Vice General Manager of the Company and took positions as the Party Secretary, Chairman and General Manager of Ordos Company and served as the Party Secretary and Chairman of Inner Mongolia Mining. Mr. Wang graduated from Hebei University of Engineering.</p>

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Name	Major Work Experiences
Zhang Lei	Mr. Zhang Lei, born in May 1972, an international certified Senior Accountant, Australian certified public accountant, MBA and PhD of Economics, serves as Chief Investment Officer of the Company. Mr. Zhang served as the Vice President of Siemens (China) Co., Ltd. and CFO of Siemens Northeast Asia Real Estate Group Co., Ltd. from September 2008 to September 2010. He served as an Executive Director and CFO of Chinalco Mining International Co., Ltd. and Vice President and CFO of Chinalco Overseas Holdings Co., Ltd. from September 2010 to June 2012. From July 2012 to March 2013, he served as the business finance and acquisition General Manager of Shell Far East. From March 2013 to March 2014, he served as the Senior Vice President, Director and General Manager of Korean SK Greater China. Mr. Zhang joined the Company in 2014 and has served as CFO of Yancoal Australia, CEO of Austar, and CEO of Yancoal International successively. In March 2020, Mr. Zhang started to work as the Chief Investment Officer of the Company. Mr. Zhang graduated from Guanghua School of Management of Peking University and Graduate School of Chinese Academy of Social Sciences.

Other explanations.

Not applicable.

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

1. Positions at the shareholding company

Name	The shareholding company	Titles and positions	Beginning date of tenure
Li Wei	Shandong Energy	Secretary of the CPC Shandong Energy Committee and Chairman of Shandong Energy	29 June 2021
Liu Jian	Shandong Energy	Member of the Standing Committee of the CPC Shandong Energy Committee and Vice General Managers	2 February 2021
Liu Qiang	Shandong Energy	Member of the Standing Committee of the CPC Shandong Energy Committee and Vice General Managers	14 March 2022
Zhu Qingrui	Shandong Energy	Chief Engineer (Chemicals)	5 August 2022
Li Shipeng	Shandong Energy	Director of the Finance Management Department	15 August 2020

Name	The shareholding company	Titles and positions	Beginning date of tenure
Zhu Hao	Shandong Energy	Director of the Operation Management Department	15 August 2020
Qin Yanpo	Shandong Energy	Director and CFO of Shandong Energy Luxi Mining Co., Ltd	21 November 2021
Zhang Yanwei	Shandong Energy	Secretary of the CPC Shandong Energy Group Guizhou Mining Committee and Executive Director of Shandong Energy Group Guizhou Mining Co., Ltd.	29 September 2022
Li Weiqing	Shandong Energy	Deputy Secretary of the CPC Xinwen Mining Committee, Director and General Manager of Xinwen Mining Group Co., Ltd.	7 November 2022
Explanation on their incumbency at the shareholding company	None		

2. Positions at other entities

Name	Name of other entities	Titles and positions	Beginning date of tenure
Liu Jian	Yanmei Heze Neng Hua Co., Ltd	Director	15 March 2017
Xiao Yaomeng	Yankuang Donghua Heavy Industry Co., Ltd.	Chairman	4 November 2022
	Yancoal International (Holding) Co., Ltd.	Director	4 November 2022
	Yancoal Australia Limited	Director	30 May 2022
Zhao Qingchun	Qilu Bank Co., Ltd	Director	31 December 2015
	Yankuang Group Finance Co., Ltd	Director	20 December 2017
	Shanghai CIFCO Futures	Director	6 July 2015
	Shaanxi Future Energy Chemical Co., Ltd	Chairman of the Supervisory Committee	19 May 2014
	Huadian Zouxian Power Generation Company Limited	Chairman of the Supervisory Committee	26 April 2016
	Yancoal Australia Limited	Director	28 April 2017
	Yancoal International (Holding) Co., Ltd.	Director	4 January 2018
	Inner Mongolia Mining Group Co., Ltd.	Director	17 March 2021
Huang Xiaolong	Shandong Huaju Energy Co., Ltd.	Chairman of the Supervisory Committee	4 November 2022
	Yancoal International (Holding) Co., Ltd.	Director	4 November 2022
Tian Hui	China Galaxy Investment Management Co., Ltd.	Director	2 November 2021
	China Railway Engineering Group Limited	Director	1 February 2022

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Name	Name of other entities	Titles and positions	Beginning date of tenure
Zhu Limin	Focus Technology Co., Ltd.	Director	2 March 2020
	China Resources Chemical Innovative Materials Co., Ltd.	Independent director	7 April 2020
	Cinda Securities Co., Ltd.	Independent Director	15 November 2016
	Nantong Guosheng Intelligence Technology Group	Independent Director	1 July 2022
Cai Chang	Harbin Electric Corporation Jiamusi Electric Machine Co., Ltd.	Independent director	1 January 2019
	Sunshine Assets Management Co., Ltd.	Independent director	1 January 2018
	Beijing Chexun Internet Co., Ltd.	Independent director	19 April 2021
	Zhejiang Huaray Technology Co., Ltd.	Independent director	30 June 2021
Poon Chiu Kwok	Huabao International Holdings Limited	Executive Director, Vice president, company secretary	1 May 2006
	Sunac China Holdings Limited	Independent director	8 June 2011
	Sany Heavy Equipment International Holdings Limited	Independent director	18 December 2015
	AUX International Holdings Limited	Independent director	15 May 2015
	Chongqing Changan Minsheng APLL Logistics Co., Ltd.	Independent director	30 September 2011
	Green Town Service Group Co., Ltd.	Independent director	13 June 2016
	Yuanda China Holdings Limited	Independent director	12 April 2011
	Jinchuan Group International Resource Co. Ltd	Independent director	21 March 2017
Su Li	Yankuang Energy Ordos Company Limited	Supervisor	15 December 2021
You Jiaqiang	Yankuang Xinjiang Neng Hua Co., Ltd.	Deputy Party Secretary, Director, General Manager	21 November 2021
	Shandong Energy Chemical Company of Yankuang Energy Group Co., Ltd.	Party Secretary, General Manager	23 November 2022
Wang Jiuhong	Yankuang Energy (Ordos) Co., Ltd.	Party Secretary, Chairman, General Manager	27 October 2022
	Inner Mongolia Mining Group Co., Ltd.	Party Secretary, Chairman	27 October 2022
	Inner Mongolia Haosheng Coal Mining Co., Ltd.	Director	29 June 2022
Zhang Lei	Yancoal International (Holding) Co., Ltd	General Manager	27 March 2020
Zhang Yanwei	Yantai Jinzheng Environmental Protection Technology Co., Ltd.	Chairman	16 March 2022
Explanation on their incumbency at other entities	None		

(III) Remuneration for Directors, Supervisors and Senior Management

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

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

Name	Title and positions	Changes	Causes for change
Li Hongguo	Vice General Manager	Appointment	Other work commitment
Ma Junpeng	Chief Engineer	Appointment	Other work commitment
Kang Dan	Chief Safety Officer	Appointment	Other work commitment
You Jiaqiang	Vice General Manager	Appointment	Other work commitment
Wang Jiuhong	Vice General Manager	Appointment	Other work commitment
Wang Ruolin	Employee Director	Resigned	Other work commitment
Zhou Hong	Supervisor and Chairman of the Supervisory committee	Resigned	Other work commitment
Liu Qiang	Vice General Manager	Resigned	Other work commitment
Gong Zhijie	Vice General Manager	Resigned	Other work commitment
Zhang Yanwei	Vice General Manager	Resigned	Other work commitment
Li Weiqing	Vice General Manager	Resigned	Other work commitment

1. Changes of Directors

On 29 March 2022, the Board of Directors received the resignation report of Mr. Tian Hui, the independent Director of the Company. Due to personal reasons, Mr. Tian Hui applied for the resignation as an independent director of the Company and related positions in the Audit Committee, Nomination Committee and Sustainable Development Committee of the Board of Directors. Before the Company's General Meeting of Shareholders elects new directors, Mr. Tian Hui will continue to perform his duties in accordance with relevant laws, regulations and the Articles.

On 24 August 2022, the Board of Directors received the resignation report of Mr. Wang Ruolin, the Director of the Company. Due to work adjustments, Mr. Wang Ruolin no longer served as the Director of the Company and related positions in the Audit Committee of the Board. The resignation took effect immediately.

2. Changes of Supervisors

On 25 January 2022, the Board of Supervisors received the resignation report of Mr. Zhou Hong, the Company's Supervisor and chairman of the Supervisory Committee. Due to work adjustments, Mr. Zhou Hong no longer served as the Supervisor and chairman of the Supervisory Committee. His resignation took effect immediately.

3. *Changes of Senior Management*

As reviewed and approved at the 21st meeting of the eighth session of the Board held on 30 March 2022, Mr. Ma Junpeng was appointed as the Chief Engineer of the Company, whose term of office is the same as that of other senior management members appointed by the 8th session of the Board.

As reviewed and approved at the 22nd meeting of the eighth session of the Board of Directors of the Company held on 29 April 2022, Mr. Kang Dan was appointed as the Chief Safety Officer of the Company, whose term of office is the same as that of other senior management members appointed by the 8th session of the Board.

As reviewed and approved at the 25th meeting of the eighth session of the Board of Directors of the Company held on 28 October 2022, Mr. You Jiaqiang and Mr. Wang Jiuhong were appointed as the Vice General Manager of the Company, whose terms of office are the same as that of other senior management appointed by the 8th session of the Board.

As reviewed and approved at the 27th meeting of the eighth session of the Board of Directors of the Company held on 24 March 2023, Mr. Li Hongguo was appointed as the Vice General Manager of the Company, whose term of office is the same as that of other senior management appointed by the 8th session of the Board.

On 28 April 2022, the Board of Directors received the resignation reports of Mr. Gong Zhijie and Mr. Liu Qiang. Due to work adjustments, both no longer served as the Vice General Manager of the Company.

On 25 September 2022, the Board of Directors received the resignation report of Mr. Zhang Yanwei. Due to work adjustments, he no longer served as the Vice General Manager of the Company.

On 7 November 2022, the Board of Directors received the resignation report of Mr. Li Weiqing. Due to work adjustments, he no longer served as the Vice General Manager of the Company.

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4. Changes in the Current Positions of the Company's Directors, Supervisors and Senior Management in the Company's Subsidiaries

(Prepared in accordance with the Hong Kong Listing Rules)

Title	Name	Before Changes	After Changes	Time of Changes
Director	Liu Jian	Director of Yancoal International (Holdings) Limited	-	4 November 2022
Director and General Manager	Xiao Yaomeng	-	Director of Yancoal Australia Limited	30 May 2022
		Executive Director of Yankuang Donghua Heavy Industry Co., Ltd.	Chairman of Yankuang Donghua Heavy Industry Co., Ltd.	4 November 2022
		-	Director of Yancoal International (Holdings) Limited	4 November 2022
Director and CFO	Zhao Qingchun	Chairman of Duanxin Investment Holdings (Beijing) Co., Ltd.	-	15 February 2022
		Shanghai Jujiang Asset Management Co., Ltd.	-	4 November 2022
Director, Secretary of the Board of Directors	Huang Xiaolong	-	Chairman of the Supervisory Committee of Shandong Huaju Energy Co., Ltd.	4 November 2022
		-	Director of Yancoal International (Holdings) Limited	4 November 2022
Vice General Manager	Wang Jiuhong	-	Party Secretary Chairman and General Manager of Yankuang Energy (Ordos) Co., Ltd.	27 October 2022
		-	Party Secretary and Chairman of Inner Mongolia Mining (Group) Co., Ltd.	27 October 2022
		Chairman of Haosheng Company	Director of Inner Mongolia Haosheng Coal Industry Co., Ltd.	29 June 2022

Title	Name	Before Changes	After Changes	Time of Changes
Vice General Manager (resigned)	Gong Zhijie	Chairman of Yantai Jinzheng Environmental Protection Technology Co., Ltd.	-	16 March 2022
		Chairman of Shandong Huaju Energy Co., Ltd.	-	29 January 2022
Vice General Manager (resigned)	Zhang Yanwei	-	Chairman of Yantai Jinzheng Environmental Protection Technology Co., Ltd.	16 March 2021

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

During his tenure as an independent director of Beijing Haohua Energy Co., Ltd. (stock abbreviation: Haohua Energy; stock code: 601101), Mr. Tian Hui, the Independent Director of the Company, was warned by the Beijing Regulation Bureau of China Securities Regulatory Commission in November 2021 and was imposed a fine of RMB100,000, because of Haohua Energy was involved in information disclosure violations. In February 2022, Mr. Tian Hui was criticized by the Shanghai Stock Exchange in a notice.

(VI) Others

1. Service Contracts of Directors and Supervisors

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

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

None of the Directors, Supervisors or senior management of the Company had a direct or indirect material interest in any material contract entered into or performed by the Company, its Controlling Shareholder, any of its subsidiaries or subsidiaries of its controlling shareholder during the year ended 31 December 2022.

3. Directors', Supervisors' and Senior Managements' Interest in Competing Business

As at 31 December 2022, none of the Directors, Supervisors or senior management has interests in any business that competes or is likely to compete, either directly or indirectly, with the business of the Company.

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

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V. BOARD MEETINGS HELD DURING THE REPORTING PERIOD

Session and Number of Meeting	Date of Meeting	Resolutions
The 20th meeting of the eighth session of the Board	27 January 2022	All passed
The 21th meeting of the eighth session of the Board	30 March 2022	All passed
The 22nd meeting of the eighth session of the Board	29 April 2022	All passed
The 23rd meeting of the eighth session of the Board	30 June 2022	All passed
The 24th meeting of the eighth session of the Board	26 August 2022	All passed
The 25th meeting of the eighth session of the Board	28 October 2022	All passed
The 26th meeting of the eighth session of the Board	9 November 2022	All passed

VI. PERFORMANCE OF DIRECTORS

(I) Directors' participation in the Board meetings and General Meetings of Shareholders

Name of Directors	Whether Independent Director or not	Times of Board meeting entitled to attend	Participation in the Board meetings				Whether Absent from Two Consecutive Meetings	Attendance at the General Meetings Times of presence
			Times of presence at person	Times of presence via telecommunication	Times of presence via proxy	The number of absence		
Li Wei	No	7	7	4	0	0	No	7
Liu Jian	No	7	7	5	0	0	No	7
Xiao Yaomeng	No	7	7	4	0	0	No	7
Zhu Qingrui	No	7	7	6	0	0	No	7
Zhao Qingchun	No	7	7	4	0	0	No	7
Huang Xiaolong	No	7	7	4	0	0	No	7
Tian Hui	Yes	7	7	6	0	0	No	7
Zhu Limin	Yes	7	7	6	0	0	No	7
Cai Chang	Yes	7	7	6	0	0	No	7
Poon Chiu Kwok	Yes	7	7	7	0	0	No	7
Wang Ruolin (resigned)	No	4	4	2	0	0	No	6

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

Not applicable.

The number of Board meetings held during the year	7
Of which: the number of on-site meetings	3
The number of meetings held by telecommunication	4
The number of meetings held on-site combined with telecommunication	3

(II) Directors' Opposing Opinions against Relevant Matters of the Company

Not applicable.

(III) Others

Not applicable.

VII. PERFORMANCE OF COMMITTEES TO THE BOARD

As approved at the first meeting of the eighth session of the Board held on 19 June 2020, the Company set up the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy and Development Committee and the Sustainable Development Committee of the eighth session of the Board. All the special committees to the Board formulate the terms of reference which set out the role, composition and responsibilities of each committee. During the reporting period, the committees performed their duties in strict accordance with the terms.

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

(I) Membership of Special Committees under the Board

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

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(II) Audit Committee to the Board

The Audit Committee comprises four Independent Directors, namely Mr. Cai Chang, Mr. Tian Hui, Mr. Zhu Limin and Mr. Poon Chiu Kwok. Mr. Cai Chang serves as the head of the Audit Committee.

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

The main responsibilities of the Audit Committee of the Board of Directors are: a. Review the work of the external auditor, and propose the appointment, re-appointment or dismissal of the external auditor; b. Supervise the Company's internal audit system and its implementation; c. Take charge of the communication between the internal auditor and the external auditor; d. Review the Company's financial information; e. Review the Company's internal control system and risk management system.

During the reporting period, the Audit Committee conscientiously fulfilled the responsibilities specified in the Terms of Reference of the Audit Committee of the Company and conducted various tasks in a strict and regulated manner. The Audit Committee already reviewed the interim results of the Company for the first half of 2022 and the final results of the Company for the year 2022, and also examined the effectiveness of the risk management and the internal control system of the Group for the year 2022. The examination covered financial control, operational control, compliance control and all other material aspects under control. The Audit Committee considered that the risk management and the internal control system of the Group is effective and adequate. During the reporting period, the Audit Committee held four meetings. Details are as follows:

Date	Theme	Suggestions	Members	Whether present	Other duties performed
18 January 2022	Hearing the report of the annual audit accountant on the pre-audit matters of the Company's 2021 annual report	The Audit Committee urged the annual audit accountant to issue an audit report as scheduled, to ensure the timeliness, accuracy and completeness of the Company's 2021 annual report.	Cai Chang Wang Ruolin Tian Hui Zhu Limin Poon Chiu Kwok	√ √ √ √ √	-

Date	Theme	Suggestions	Members	Whether present	Other duties performed
23 March 2022	Hearing the report of the annual audit accountant on the audit matters of the Company's 2021 annual report; reviewing the Company's 2021 financial and accounting statements	Hearing the accountant's comparative analysis on the audit of the 2021 annual report and the Company's operation, and reviewing the Company's 2021 financial statements, the committee believes that the financial statements can truly and completely reflect the Company's assets and operation, and agrees to submit them to the Board of Directors for approval.	Cai Chang Wang Ruolin Tian Hui Zhu Limin Poon Chiu Kwok	√ √ √ √ √	-
23 March 2022	Hearing the report of the management on the development of internal control, and approving the re-appointment of accountants in 2022 and the performance report of the Audit Committee in 2021	Reviewing and approving the Opinions of the Audit Committee of the Board of Directors on Renewing the Appointment of External Auditors and Remuneration Arrangements in 2022, the Audit Committee's Performance Report in 2021, and the Internal Control Work Report of Yankuang Energy Group Co., Ltd. in 2021.	Cai Chang Wang Ruolin Tian Hui Zhu Limin Poon Chiu Kwok	√ √ √ √ √	-

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Date	Theme	Suggestions	Members	Whether present	Other duties performed
24 August 2022	Hearing the annual audit accountant's report on the Company's 2022 interim audit matters	Hearing the main problems and improvement suggestions discovered by accountants in the Company's 2022 interim financial report, and reviewing the Company's 2022 interim financial statements, the committee believes that the financial statements can truly and completely reflect the Company's assets and operation, and agrees to submit it to the Board of Directors for approval.	Cai Chang Tian Hui Zhu Limin Poon Chiu Kwok	√ √ √ √	-

Notes: Mr. Wang Ruolin resigned as a member of the Audit Committee on 24 August 2022, with immediate effect. As considered and approved at the 25th meeting of the eighth session of the Board of Directors held on 28 October 2022, the proposal to adjust the members of the Audit Committee was approved. The Audit Committee of the eighth Board of Directors was comprised of 4 members, Mr. Cai Chang, Mr. Tian Hui, Mr. Zhu Limin and Mr. Poon Chiu Kwok. Mr. Cai Chang served as the director of the Audit Committee.

On 7 February 2023, the Company held the 10th meeting of the Audit Committee of the eighth session of the Board to listen to the annual audit accountant on the pre-audit matters of the Company's 2022 annual report, and fostered a resolution.

On 19 March 2023, the Company convened the 11th meeting of the Audit Committee of the eighth session of the Board to hear the report of 2022 annual report audit conducted by ShineWing Certified Public Accountants (special partnership) and SHINEWING (HK) CPA Limited. The financial statements for 2022 was voted and the resolution was submitted to the Board for review.

(III) Nomination Committee to the Board

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

1. The main responsibilities of the Nomination Committee of the Board of Directors include:

(a) according to the operation, asset scale and share structure of the Company, conduct at least one inspection on the structure, number of members and composition of the Board of Directors (including skills, knowledge and experience) and propose recommendations to changes of the Board in line with the Company's strategy; (b) study the selection criteria, procedures and methods of Directors and senior management members, and make recommendations to the Board; (c) identify and nominate eligible candidates for the positions of Directors and senior management of the Company, and make relevant recommendations to the Board (d) review the qualifications of candidates for Directors and senior management, and provide appointment suggestions to the Board; (e) recommend to the Board on the proposed appointments and re-appointments or the succession plan of Directors and senior management; (f) evaluate the independence of independent Directors.

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

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

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

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

Candidates for non-employee representative Directors are normally submitted to the Shareholders' Meeting by the Board of Directors in the form of proposals. The Shareholders and the Supervisory Committee of the Company may nominate candidates for non-employee representative Directors in accordance with the Articles.

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

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During the reporting period, the Nomination Committee held three meeting. The details are as follows:

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
23 March 2022	The Proposal on Nominating the Chief Engineer of the Company	The “Proposal on Nominating the Chief Engineer of the Company” was approved and the nomination of Mr. Ma Junpeng to the Board as the Chief Engineer of the Company was also approved.	Poon Chiu Kwok Li Wei Tian Hui	√ √ √	After reviewing Mr. Ma Junpeng’s personal resume and other relevant materials, Mr. Ma Junpeng’s qualifications are in line with the relevant provisions of the “Company Law”, the regulatory rules of the place of listing and the Articles. It is recommended that the Board perform the appointment procedures.
22 April 2022	The Proposal on the nomination of the Company’s Chief Safety Officer	The “Proposal on Nominating the Company’s Chief Safety Officer” was approved and the nomination of Mr. Kang Dan to Board as the Company’s Chief Safety Officer was also approved.	Poon Chiu Kwok Li Wei Tian Hui	√ √ √	After reviewing Mr. Kang Dan’s personal resume and other relevant materials, Mr. Kang Dan’s qualifications are in line with the relevant provisions of the “Company Law”, the regulatory rules of the place of listing and the Articles. It is recommended that the Board perform the appointment procedures.

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
21 October 2022	The Proposal on Nominating the Vice General Manager of the Company	The “Proposal on Nominating the Vice General Managers of the Company” was approved and the nomination of Mr. You Jiaqiang and Mr. Wang JiuHong to the Board as the Company’s Vice General Managers was also approved.	Poon Chiu Kwok Li Wei Tian Hui	√ √ √	After reviewing the personal resumes of Mr. You Jiaqiang and Mr. Wang JiuHong and other relevant materials, the qualifications of Mr. You Jiaqiang and Mr. Wang JiuHong are in compliance with the relevant provisions of the “Company Law”, the regulatory rules of the listing place and the Articles. It is recommended that the Board perform the appointment procedures.

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

On 19 March 2023, the Company held the 8th meeting of the Nomination Committee of the eighth session of the Board. It approved the Proposal on Nominating the Vice General Manager of the Company, and approved the nomination of Mr. Li Hongguo to the Board as the Vice General Manager of the Company. After reviewing Mr. Li’s personal resume and other relevant materials, Mr. Li Hongguo’s qualifications were in line with the relevant provisions of the Company Law, the regulatory rules of the listing place and the Articles. It is recommended that the Board perform the appointment procedures. It approved the Proposal on the Nomination of Directors of the Ninth Session of the Board of Directors, and approved the nomination of Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liuqiang, Mr. Zhang Haijun and Mr. Huang Xiaolong to the Board as a candidate for the ninth session of the Board of Directors. After reviewing Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liuqiang, Mr. Zhang Haijun and Mr. Huang Xiaolong’s personal resume and other relevant materials, Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liuqiang, Mr. Zhang Haijun and Mr. Huang Xiaolong’s qualifications were in compliance with the relevant provisions of the Company Law, the regulatory rules of the listing place and the Articles.

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

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(IV) Remuneration Committee to the Board

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

The main responsibilities of the Remuneration Committee of the Board include: a. Considering the position scopes, responsibilities, time required, the employment conditions of other positions in the group and the salary levels of relevant positions in peer companies, formulate remuneration plans or programs for Directors, Supervisors and senior management personnel, and make suggestions to the Board; The plans or programs mainly include but are not limited to performance evaluation standards, procedures and evaluation systems with reference to corporate goals approved by the Board, and systems for rewards and punishments; b. Supervise the implementation of the remuneration system of Directors, Supervisors and senior management; c. Review the duty performance of the Directors, Supervisors and senior management, with reference to the company's policies and goals set by the Board, conduct annual performance appraisals, and propose to the Board on the remuneration of Directors, Supervisors and senior management; d. Study the Company's Equity Incentive Scheme and make suggestions.

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

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
24 January 2022	<ol style="list-style-type: none"> 1. The Proposal on Adjusting the Related Matters of the 2018 A-share Stock Option Incentive Scheme. 2. The Proposal on the Achievement of the Exercise Conditions for the Second Exercising Period of the 2018 A-share Stock Option Incentive Scheme. 	<ol style="list-style-type: none"> 1. “The Proposal on Adjusting the Related Matters of the 2018 A-share Stock Option Incentive Scheme” was approved and submitted to the Board for review and discussion. 2. The performance appraisal report for the second Exercising Period of the 2018 A-share Option Incentive Scheme and the assessment results of the incentive participants were approved. The “Proposal on the Achievement of the Exercise Conditions for the Second Exercising Period of the 2018 A-Share Option Incentive Scheme was submitted to the Board for discussion and deliberation. 	Zhu Limin Cai Chang Poon Chiu Kwok	√ √ √	-

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Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
23 March 2023	<ol style="list-style-type: none"> The Proposal on Discussing and Reviewing the Remuneration of Directors and Supervisors in 2022. The Proposal on Discussing and Reviewing the 2022 Annual Remuneration of Senior Management. 	<ol style="list-style-type: none"> “The Proposal on Discussing and Reviewing the Remuneration of Directors and Supervisors in 2022” was approved and submitted to the Board for review and discussion. “The Proposal on Discussing and Reviewing the 2022 Annual Remuneration of Senior Management” was approved and submitted to the Board for review and discussion. 	<p>Zhu Limin Cai Chang Poon Chiu Kwok</p>	<p>√ √ √</p>	<ol style="list-style-type: none"> It is recommended that the per capita remuneration of independent Directors of the Company in 2022 is RMB150,000 (tax included). It is suggested that once the Company completes its business objectives in 2022, the specific remuneration of Non-independent Directors and Supervisors should be determined according to the remuneration assessment policy. It is suggested that once the Company completes its business objectives in 2022, the specific remuneration of non-Director senior management personnel should be determined in accordance with the Company’s remuneration assessment policy.

Date	Theme	Suggestions	Members	Whether attending the meeting	Other duties performed
22 April 2022	1. The Proposal on Adjusting the List of incentive participants of the 2018 A-Share Option Incentive Scheme.	1. “The Proposal on Adjusting the List of incentive participants of the 2018 A-Share Option Incentive Scheme” was approved and submitted to the Board for discussion and deliberation.	Zhu Limin Cai Chang Poon Chiu Kwok	√ √ √	-

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

On 17 March 2023, the Company held the 7th meeting of the Remuneration Committee of the eighth session of the Board of Directors, and approved the Proposal on Discussing and Deliberating the 2023 Remuneration of Directors and Supervisors and the Proposal on Discussing and Deliberating the 2023 Annual Remuneration of Senior Management, and submitted them to the Board.

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(V) Strategy and Development Committee to the Board

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

The main duties and responsibilities of the Strategy and Development Committee include: (1) to conduct research and propose suggestions on the long-term development strategy and significant investment decisions of the Company; (2) to conduct research and propose suggestions on the annual strategic development plan and operational plan of the Company; (3) to conduct research and propose suggestions on other significant issues affecting the development of the Company; (4) to supervise the implementation of above-mentioned matters. During the reporting period, the Strategy and Development Committee held three meetings. Details are as follows:

Date	Theme	Suggestions	Members	Whether present	Other duties performed
23 March, 2021	Discussing and deliberating the proposal of the Company's 2022 Production, Operation and Capital Expenditure Plan.	"The Proposal on Discussing and Deliberating the Company's 2022 Production, Operation and Capital Expenditure Plan" was passed and submitted to the Board of Directors for discussion and deliberation.	Li Wei Liu Jian Xiao Yaomeng Zhu Limin	√ √ √ √	-

Note: As considered and approved at the 25th meeting of the eighth session of the Board of the Company held on 28 October 2022, the Strategy and Development Committee is comprised of 5 members, namely Mr. Li Wei, Mr. Liu Jian, Mr. Xiao Yaomeng, Mr. Zhu Limin and Mr. Poon Chiu Kwok. Mr. Poon Chiu Kowk is a newly-added member and Mr. Li Wei serves as the head of the Strategy and Development Committee.

On 17 March 2023, the Company held the fifth meeting of the Strategy and Development Committee of the eighth session of the Board, and approved the Proposal on Discussing and Deliberating the Company's 2023 Production, Operation and Capital Expenditure Plan, and submitted it to the Board for discussion and deliberation.

(VI) Sustainable Development Committee to the Board

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

The main duties and responsibilities of the Sustainable Development Committee include: (1) to review policies and strategies on corporate governance, environmental and social responsibilities to ensure that they are in compliance with laws, rules and regulations; (2) to assess and analyze risks and opportunities in relation to corporate governance, environmental and social responsibilities, and propose suggestions to the Board; (3) to make investigations on management of corporate governance, environmental and social responsibilities and internal monitoring system, and offer proposals on its appropriateness and effectiveness to the Board; (4) to review and supervise the objectives and implementation of corporate governance, environmental and social responsibilities of the Company, evaluate the performance and make recommendations to the Board; (5) to review the Company's ESG Report disclosed to the outside, and make recommendations to the Board; (6) to guide the formulation of visions, goals and strategies of corporate governance, environmental and social responsibilities management of the Company, and to make recommendations to the Board. During the reporting period, the Sustainable Development Committee held one meeting. The details are as follows:

Date	Theme	Suggestions	Members	Whether present	Other duties performed
23 March 2022	Discussing and deliberating the Company's "2021 Annual ESG Report"	"The Proposal on Discussing and Deliberating the Company's 2021 ESG Report" was passed and submitted to the Company's Board of Directors for discussion and review.	Xiao Yaomeng Tian Hui Zhu Limin	√ √ √	-

Note: As discussed and approved at the 14th meeting of the eighth Board of Directors held on 20 August, 2021, Sustainable Development Committee is comprised of Mr. Xiao Yaomeng, Mr. Tian Hui and Mr. Zhu Limin. Mr. Xiao Yaomeng serves as the head of the Sustainable Development Committee.

On 17 March 2023, the Company held the third meeting of the Sustainable Development Committee of the eighth session of the Board, and approved the Proposal on Discussing and Deliberating the Company's 2022 ESG Report, and submitted it to the Board for discussion and deliberation.

(VII) The Specific Cases of the Objections

Not Applicable

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VIII. RISKS IDENTIFIED BY THE SUPERVISORY COMMITTEE OF THE COMPANY

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

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

IX. EMPLOYEES OF THE GROUP AND ITS MAIN SUBSIDIARIES

(I) Information of Employees

On-the-job Employees of the Group	34,261
On-the-job Employees of its main subsidiaries	30,018
Total on-the-job Employees	64,279
Total resigned and retired staff whose welfare fees shall be paid by the Group and its main subsidiaries	53,487

Composition by Specialty

Specialty	Quantity (person)
Production personnel	38,911
Sales personnel	535
Technical personnel	4,322
Financial personnel	738
Administrative staff	3,624
Other support staff	16,149
Total	64,279

Education Level

Education types	Quantity (person)
Vocational School and above	28,177
Senior High	21,893
Junior High and below	14,209
Total	64,279

(II) Remuneration Policy

The total wages and allowances of the staff of the Group for the year 2022 amounted to RMB 8.118 billion. For the details of remuneration policy for Directors, Supervisors and senior management, please refer to the section headed Remuneration Policy and Annual Remuneration for Directors, Supervisors and Senior Management in this chapter.

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

(III) Training Plan

The Group values employee training in respect of technical skills and professional competence. By making full use of various educational resources, training institutes and various ways of training, the Group focused on the training of professional skills and improved the training of political ideology, management, ongoing education, skills, safety, transfer-employment talent, pre-employment and others. In 2022, it was planned that 74,000 person times would participate in off-job training and 70,965 actually participated in the training, which was up to 96% of the plan.

(IV) Labor Outsourcing

Not Applicable

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

(Filled in accordance with Chinese Accounting Standards)

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

The cash dividend policy specified in the Articles is as follows: the basis of profit distribution after tax of the Company for an accounting year is the lower of the profit after tax in the financial statements prepared in accordance with the CASs, IFRS or overseas accounting standard. The dividends shall be paid in the form of cash, shares or a combination of cash and shares. In the event that conditions for distribution of cash dividend are met, cash dividend shall be distributed prior to share dividend. On the condition that the Company distributes profit after tax of that year, 10% of profit shall be withdrawn and recognized as statutory reserve. The Company may not withdraw statutory reserve when the accumulated statutory reserve reaches more than 50% of the registered capital of the Company.

Final dividends shall be distributed and paid once a year with an ordinary resolution passed by the general meeting of shareholders authorizing the Board to distribute and pay such dividend. The Company may distribute interim cash dividends upon approval from the Board and the shareholders at general meeting. There should be at least a 6-month accounting period interval between the distributions of cash dividends. On the premise of securing the Company's sustainable development and provided that the Company has recorded a profit in a particular year and that its accumulated undistributed profit is positive, the Company's cash dividends shall account for approximately 35% of the Company's net profit after withdrawing the statutory reserve for that particular year, unless the Company has scheduled significant investments or significant cash requirements. In the scenario that the Company is in sound operation and that the Board considers the distribution of share dividends is beneficial to the overall interest of all Shareholders of the Company due to a mismatch between the Company's stock price and its scale of share capital and in other necessary circumstances, the Company may distribute dividends in the form of shares.

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The 2020 second extraordinary general meeting of the Company held on 9 December 2020 approved that the Company's 2020-2024 cash dividend ratio is determined as: the total cash dividends distributed by the Company in each fiscal year shall account for approximately 50% of the Company's net profit for the year after deducting the statutory reserves, and the cash dividend per share shall not be less than RMB0.50.

As reviewed and approved by the Company's 2021 annual general meeting held on 30 June 2022, the Company distributed a cash dividend of RMB1.60 per share (tax inclusive) to shareholders for 2021, and a special cash dividend of RMB0.40 per share (tax inclusive). A total cash dividend of RMB2.00 per share (tax inclusive) was distributed. As of the disclosure date of this report, the 2021 cash dividends have been distributed to the Company's shareholders.

The Board recommends that based on the total share capital on the record date for equity distribution, the Company plans to distribute 5 bonus shares every 10 shares, a cash dividend of RMB30.7 (tax included) every 10 shares for 2022 and a special cash dividend of RMB12.3 (tax inclusive) every 10 shares, which amounted to RMB43.0 for the total cash dividends every 10 shares. Such distribution plan will be submitted to the 2022 annual General Meeting of Shareholders for consideration and approval and the dividends and shares will be distributed to the Shareholders of the Company two months after the approval (if passed and approved). The cash dividends for 2022 is projected to be distributed prior to 30 August 2023 by the Company. According to the Articles, cash dividends will be calculated and declared in RMB.

If the total share capital of the Company changes prior to the registration date for the implementation of equity allocation, the Company will stick to original distribution plan with the distribution amount for cash dividends per share and bonus shares per share unchanged, and accordingly adjust the total distribution amount. For the specific adjustments, please refer to the announcement on this matter that will be specially released.

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

(II) Special Explanation of the Cash Dividend Policy

If it complies with the provisions of the Company's Articles or the requirements of the resolution of the General Meeting of Shareholders	Yes
If the dividend standard and ratio are explicit and clear	Yes
If the relevant decision-making procedures and mechanisms are complete	Yes
If the independent Directors performed their duties and played their due role	Yes
If minority shareholders have the opportunity to fully express their opinions and demands, and if their legitimate rights and interests are fully protected	Yes

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

Not applicable.

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

Unit: RMB1,000

Bonus shares for every 10 shares	5
Dividends per 10 shares (tax included)	RMB43
Number of transfers per 10 shares	–
Cash dividends (tax included)	21,279,426
Net profit attributable to ordinary shareholders of the listed company in the annual consolidated statement of dividends	30,773,610
Ratio of net profit attributable to ordinary shareholders of the listed company in the consolidated financial statements (%)	69.15
Repurchase of shares in cash included in the amount of cash dividends	–
Total dividends (tax included)	21,279,426
The ratio of the total dividends to the net profit attributable to ordinary shareholders of the listed company in the consolidated statement (%)	69.15

(V) Tax and Tax Exemption or Reduction

- For relevant regulations on the withholding and payment of dividends and tax reduction and exemption for A-Share investors, please refer to the Company's Announcement on the Implementation of the 2021 Annual Equity Interests Distribution dated 7 July, 2022, which was published on the websites of the Shanghai Stock Exchange, the Company's website, and/or Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.
- Withholding and payment of dividend income tax and tax deduction for investors of H Shares.

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

According to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations and other relevant rules and regulations, the Company is required to withhold and pay enterprise income tax at a rate of 10% before distributing the 2021 final dividend to non-resident enterprise shareholders as shown on the H share register of members of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax.

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

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

- ① For individual H Shareholders who are Hong Kong or Macao residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a dividends tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of final dividend.
- ② For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a dividends tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of final dividend. If the applicable tax rate of the country (region) of domicile of individual holders as appeared on the Company's register of members of H Shares are less than 10% under tax treaty, such individual holders must submit to the H Share Register a written authorization and relevant application documents. The Company will forward such application documents to the applicable tax authorities for approval. After receiving such approval, the Company will, for and on behalf of such individual holders, effect the preferential treatments in accordance with the relevant tax treaty and pursuant to the relevant regulations promulgated by the PRC tax authorities.
- ③ For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a dividends tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of final dividend.
- ④ For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders in the distribution of final dividend.

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

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

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

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

Not applicable.

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

Circumstances of share incentives

1. 2018 A-Share Stock Option Incentive Scheme

Incentive method: share options

Source of underlying shares: Issuance of shares to incentive participants

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

Calculation method: Black-Scholes Mode (B-S Mode) .

Parameter: Underlying share price: RMB8.75; Valid period: 4 years;
Historical volatility: 26.44%; Risk-free rate: 2.98%.

Calculation results: The fair value of each share option is RMB2.21 (For details, please refer to the Announcement on Granting Stock Options to Incentive Objects of the 2018 A-Share Stock Option Incentive Scheme dated 12 February 2019.

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

As considered and approved at the 8th meeting of the eighth session of the Board on January 13, 2021, the Company confirms that the conditions for the first exercising period of the "Option Incentive Scheme" are mature, and the exercising period is from 18 February 2021 to 11 February 2022. As of 19 May, 2021, 469 incentive participants had exercised a total of 14,184,060 shares.

As considered and approved at the 20th meeting of the eighth session of the Board on 27 January 2022, the Company confirms that the conditions for the second exercising period of the "Option Incentive Scheme" are mature, and the exercising period is from 14 February 2022 to 10 February 2023.

As of April 29, 2022, 435 incentive participants had exercised a total of 12,779,580 shares.

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The Company will hold Board meeting at appropriate times to confirm option exercise matters for the third exercising period of the Option Incentive Scheme.

Abstract of the Option Incentive Scheme

(I) Granting of Option Incentive Scheme

1. The purpose of the Option Incentive Scheme

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

2. The scope of participants of the Option Incentive Scheme

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

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

As considered and approved at the Company's 2019 First Extraordinary General Meeting of Shareholders, the First A-share Shareholders Meeting, the First H-share Shareholder Meeting and the 23rd Meeting of the Seventh Board of Directors held on 12 February 2019, the 46.32 million stock options were granted to 499 incentive participants (accounting for 0.94% of the total share capital of the Company as at the end of the reporting period). The underlying stocks involved are RMB ordinary shares (A shares).

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

There is no Participant to whom the aggregate number of A Shares to be issued upon exercise of his or her share options may exceed 1% of the Company's total share capital as at the date of consideration and approval of the Scheme at the 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 Option Incentive Scheme

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

6. The date of exercise under the Option Incentive Scheme

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

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

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

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

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

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

7. The exercising price

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

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

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

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

9. The validity period of the Option Incentive Scheme

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

(II) Historical adjustments

As deliberated and approved at the eighth meeting of the eighth session of the Board held on 13 January 2021, the Company canceled 3,299,140 stock options for 33 incentive participants due to resignation or insufficient personal performance. After adjustment, the number of stock options granted was revised from 46,320,000 to 43,020,860. Since the Company distributed dividends during the waiting period, the Board adjusted The exercising price of the Option Incentive Scheme. The adjusted exercise price of stock options is RMB7.52 per share.

As deliberated and approved at the 20th meeting of the eighth session of the Board held on 27 January 2022, the Company deregistered 2,831,720 stock options for 37 incentive participants due to resignation or insufficient personal performance. The number of options granted but not yet exercised was adjusted from 28,836,800 to 26,005,080. The number of incentive participants has been adjusted downward from 469 to 436. Since the Company distributed dividends during the waiting period, the Company's Board adjusted The exercising price of the Option Incentive Scheme. The adjusted exercise price of stock options is RMB6.52 per share.

As deliberated and approved at the 22nd meeting of the eighth session of the Board held on 29 April 2022, the Company canceled 210,300 stock options granted but not yet exercised for six incentive participants due to their resignation. After adjustment, the number of options granted but not yet exercised was adjusted from 13,225,500 to 13,015,200 (accounting for 0.26% of the total share capital of the Company as at the end of the reporting period). The number of incentive participants has been adjusted downward from 436 to 430.

(III) Use of proceeds

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

2021 A-share Restricted Stocks Incentive Scheme

Incentive method: restricted stock

Source of underlying shares: Issuance of shares to the incentive participants

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

Calculation method: According to "Accounting Standards for Business Enterprises No. 11-Share-based Payment", the Company takes the difference between the closing price of the stock on the granting date and the granting price as the share-based payment cost per restricted stock. It will finally confirm the share-based payment cost of this incentive plan.

Parameter: Closing price and granting price of the stock on the granting date.

Calculation results: The fair value of each restricted stock is RMB12.80.

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

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Abstract of the Restricted Stocks Incentive Scheme

(I) Circumstances of equity incentives

1. The purpose of the Restricted Stocks Incentive Scheme

The Scheme is to further improve the medium and long-term incentive mechanism, fully mobilize the enthusiasm of the Company's management team and key employees, closely integrate the interests of shareholders, the Company and the core team, and enhance the Company's market competitiveness and sustainable development capabilities.

2. The scope of incentive participants

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

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

The Restricted Stock Incentive Scheme granted 61.74 million restricted stocks to 1,245 incentive participants. The underlying stocks involved were RMB ordinary shares (A shares), accounting for about 1.27% of the Company's total issued share capital of 4,874,184,100 shares on the granting date (accounting for 1.25% of the total share capital of the Company as at the end of the reporting period).

4. Each participant able to receive the maximum benefits

The number of company shares granted to any incentive participant through all the equity incentive schemes within the validity period shall not exceed 1% of the Company's total share capital on the date of announcement of the drafted restricted stock incentive scheme.

5. Granting day

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

6. Restricted period

The lock-up periods of the restricted stock incentive scheme are 24 months, 36 months and 48 months since the date when the registration of the grant of restricted shares is completed.

7. The lifting of sales restrictions

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

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

8. Grant price

The granting price of the restricted stock incentive scheme is RMB11.72 per share, that is, after meeting the granting conditions, the incentive object can purchase the Company's additional restricted shares issued by the Company to the incentive participants, at a price of RMB11.72 per share.

9. Method of determining the granting price

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

- (1) Standard 1: The average trading price of the Company's underlying stocks on the trading day before the announcement of the draft of Restricted Stocks Incentive Scheme;
- (2) Standard 2: One of the average trading prices of the Company's underlying stocks during the 20 trading days, 60 trading days or 120 trading days prior to the announcement of the draft of Restricted Stocks Incentive Scheme.

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Details are shown in the following table:

Unit: RMB/share

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

10. Repurchase principle

After completing the share registration of the restricted stocks granted to the incentive participants, once there are cases that may affect the total share capital or the share price, such as converting capital reserves into share capital, distributing stock dividends, splitting shares, allotment of shares, shrinking shares, etc., the repurchased quantities and prices of restricted stocks that have not been released shall be adjusted accordingly. For specific adjustment methods, please refer to the “Yankuang Energy 2021 A-Share Restricted Stock Incentive Scheme” announced on 27 January, 2022.

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

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

If the Company's performance assessment target is not achieved for a certain unlocking period of restricted stocks, all the restricted stocks of the incentive participants cannot be lifted and should be canceled by the Company. Restricted shares that cannot be lifted due to non-ideal personal performance assessment during the current period shall be repurchased and canceled by the Company. The repurchase price shall not be higher than the lower one of the granting price and the market price.

11. Validity period

The Restricted Stocks Incentive Scheme will take effect upon the approval of the Company's first extraordinary general meeting of shareholders in 2022 on 27 January 2022, the first A-share stakeholders' meeting in 2022 and the first H-share stakeholders' meeting in 2022. The validity period starts from the date when the registration of the grant of restricted shares is completed to the date when all the restricted shares granted to the incentive participants are lifted and finish repurchase and cancellation. The longest period shall not be beyond 60 months.

12. Grant Completion

On 24 February 2022, the Company completed the registration of granting restricted shares at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. For details, please refer to the Company's announcement dated 25 February 2022 on the results of the 2021 A-share Restricted Stock Incentive Scheme.

(II) Use of proceeds: The total proceeds from the grant of restricted stocks is RMB723,592,900 and will be used to supplement the operation capital of the Company.

3. *Long-term Equity Incentive Scheme of Yancoal Australia*

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

For details, please refer to resolution announcement of Yancoal Australia's 2018 Annual General Meeting dated 30 May 2018, the 2019 Long-term Incentive Scheme update announcement dated 10 May 2022, and the updated announcement of the rights to issue performance shares dated 26 September 2022, and financial announcement and remuneration report for the year ending 31 December 2022, dated 27 February 2023. Yancoal Australia Updated Announcement on the interests of 2020 Short-term Incentive Scheme and the interests of 2021 Short-term Incentive Scheme. Such information is available on the Yancoal Australia website, the Australian Securities Exchange website and/or the Hong Kong Stock Exchange website.

Other Explanation

Not applicable.

Employee Shareholding Scheme

Not applicable.

Other Incentive Schemes

Not applicable.

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

Option Incentive Scheme

Unit: 10,000 shares

Name	Position	Number of stock options held at the beginning of the year	Number of newly granted stock options during the reporting period	Number of canceled stock options during the reporting period	Exercisable shares during the reporting period	Stock options exercised during the reporting period	Stock option price (RMB)	Number of stock options held at the end of the period	Closing price on the previous trading day (RMB)
Xiao Yaomeng	Director, Senior Management	10.05	0	0	4.95	4.95	6.52	5.10	30.72
Zhao Qingchun	Director, Senior Management	17.42	0	0	8.58	8.58	6.52	8.84	30.72
Tian Zhaohua	Senior Management	10.05	0	0	4.95	4.95	6.52	5.10	31.20
Ma Junpeng	Senior Management	10.05	0	0	4.95	4.95	6.52	5.10	31.20
Kang Dan	Senior Management	8.04	0	0	3.96	3.96	6.52	4.08	30.66
Wang Jiahong	Senior Management	8.04	0	0	3.96	3.96	6.52	4.08	30.66
Wang Ruolin	Director (resigned)	10.05	0	0	4.95	4.95	6.52	5.10	30.66
Gong Zhijie	Senior Management (resigned)	17.42	0	0	8.58	8.58	6.52	8.84	31.20
Li Weiqing	Senior Management (resigned)	10.05	0	0	4.95	4.95	6.52	5.10	30.66
Sub-total of Directors and Senior Management		101.17	0	0	49.83	49.83	6.52	51.34	/
Sub-total of other personnel		2,782.510	0	304.202	1,228.128	1,228.128	6.52	1,250.18	/
Total		2,883.680	0	304.202	1,277.958	1,277.958	6.52	1,301.52	/

Notes:

- ① As of the disclosure date of this report, the Company has made certain adjustments to the Directors and senior management. The above table is filled out based on the precedence of Directors and senior management on the disclosure date of this report.
- ② As of the disclosure date of this report, Mr. Li Weiqing has left Yankuang Energy due to work adjustments, and the stock options he holds will be deregistered.

- ③ The granting date of the unexercised options at the beginning and end of 2022 for each incentive object in this table is 12 February 2019.
- ④ The exercising period of the options held at the beginning of the year is: the number of share options granted in this part is the sum of the exercisable shares during the second actual exercising period and the third actual exercising period in the Scheme (namely the percentages of respective exercisable shares in the total number of authorized equities are 33% and 34%). The second actual exercisable period is from 24 February 2022 to 10 February 2023, during which incentive participants can exercise their rights independently within the actual exercisable period (except for the legal prohibition period); the third actual exercisable period (the exercisable shares accounted for 34% of the total authorized equities) is from 13 February 2023 or from the later date of actually exercising rights confirmed by the Board, to 12 February 2024.
- ⑤ The number of stock options held at the end of the reporting period (the exercisable shares accounted for 34% of the total authorized equities) corresponds to the third exercisable period in the Scheme, which spans from 13 February 2023 or from the later date of actually exercising rights confirmed by the Board, to 12 February 2024.

Restricted Stocks Incentive Scheme

Unit: 10,000 shares

Name	Position	Number of restricted stocks held at the beginning of the year	Number of newly granted restricted Stocks	Grant price of restricted stocks (RMB)	Unlocked stocks	Locked stocks	Number of restricted stocks held at the end of the period	Market price at the end of the reporting period (RMB)
Xiao Yaomeng	Director, Senior Management	0	20	11.72	0	20	20	33.58
Zhao Qingchun	Director, Senior Management	0	16	11.72	0	16	16	33.58
Huang Xiaolong	Director, Senior Management	0	16	11.72	0	16	16	33.58
Zhang Chuanchang	Senior Management	0	16	11.72	0	16	16	33.58
Tian Zhaohua	Senior Management	0	16	11.72	0	16	16	33.58
Ma Junpeng	Senior Management	0	8	11.72	0	8	8	33.58
Kang Dan	Senior Management	0	8	11.72	0	8	8	33.58
Wang JiuHong	Senior Management	0	8	11.72	0	8	8	33.58
Wang Ruolin	Director (resigned)	0	16	11.72	0	16	16	33.58
Liu Qiang	Senior Management (resigned)	0	16	11.72	0	16	16	33.58
Gong Zhijie	Senior Management (resigned)	0	16	11.72	0	16	16	33.58
Zhang Yanwei	Senior Management (resigned)	0	16	11.72	0	16	16	33.58
Li Weiqing	Senior Manager	0	16	11.72	0	16	16	33.58
Sub-total of Directors and Senior Management (13 persons)		0	188	11.72	0	188	188	33.58
Sub-total of other personnel (1,232 persons)		0	5,986	11.72	0	5,986	5,986	33.58
Total (1,245 persons)		0	6,174	11.72	0	6,174	6,174	33.58

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Notes:

- ① As of the disclosure date of this report, the Company has made certain adjustments to the Directors and senior management. The above table is filled out based on the precedence of Directors and senior management on the disclosure date of this report.
- ② During the reporting period, the Company did not repurchase or cancel the granted restricted stocks. As of the disclosure date of this report, Liu Qiang, Zhang Yanwei, and Li Weiqing have left Yankuang Energy due to work adjustments, and the restricted stocks they hold will be repurchased and canceled.
- ③ According to the Company's Restricted Stock Incentive Scheme, each incentive participant in the table was granted all locked restricted stocks on 27 January 2022, the closing price of these restricted stocks before the grant date was RMB22.06 and no restricted stocks were granted at the end of the reporting period.
- ④ For the unlocking period of the restricted stocks granted, please refer to "7. The lifting of sales restrictions" of "Abstract of the Restricted Stocks Incentive Scheme" in this section.
- ⑤ The assessment targets for the granted restricted shares shall be subject to the performance assessment conditions corresponding to each unlocking period stipulated in the Restricted Stocks Incentive Scheme. For details, please refer to the notice related to the 2021 A-share Restricted Stocks Incentive Scheme dated 12 January 2022. The performance evaluation conditions are detailed in Appendix I of the notice.

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

The Company uses a special mechanism that incorporates the annual salary system, security and environment protection mortgage and special contribution reward, so that the management's performance evaluation is organically combined with the Company's economic benefits and operation status quo.

Based on their performance, the Company directly judges, rewards or punishes senior management personnel, according to the relevant operating indicators and management standards. The Company honored its 2022 annual remuneration based on the completion of the business indicators and evaluation results of senior management personnel.

The Company has implemented the Stock Option Incentive Scheme and the Restricted Stocks Incentive Scheme. It will strictly follow the relevant assessment management measures and grant interests to the Senior Management, with the performance assessment indicators met.

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

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

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

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

The Board has assessed the effectiveness of the Company's internal control system once a year since 2007. At the 27th meeting of the eighth session of the Board held on 24 March 2023, the Board made an assessment on the effectiveness of the internal control systems of the Company for the year 2022. The Board, after assessment, believed that the internal control system of the Company is sound and has been implemented effectively and no major defect was found in the design of the internal control or its implementation.

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

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

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

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

Explanation of significant defects in internal control during the reporting period

Not Applicable.

XIII. MANAGEMENT AND CONTROL OF SUBSIDIARIES DURING THE REPORTING PERIOD

The Company has taken multiple steps to dispatch directors, supervisors, and Senior Management to subsidiaries; regulate subsidiaries to hold shareholders' meetings, board meetings, and supervisory committee meetings; established an Internal Reporting System for Major Issues, implemented Administrative Measures for Professional Property Rights Representatives and Administrative Measures for Connected Transactions; and supervised various entities to standardize the establishment of internal control system. All this is for more effective management and control of subsidiaries.

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

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

The Company appointed ShineWing Certified Public Accountants (Special General Partnership) to make a review and assessment of the efficiency of internal control of the 2022 financial statements. ShineWing Certified Public Accountants believed that, in accordance with the requirements of General Rules on Internal Control for Enterprises and related regulations, the Company maintained efficient internal control of financial statement in all material aspects.

The full version of the audit report of the internal control of the 2022 financial statement report issued by ShineWing Certified Public Accountants (Special General Partnership) was posted on the Shanghai Stock Exchange website, the HKEX website and the Company's website.

Whether disclose audit report of the internal control: Yes

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

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

Not Applicable.

XVI. OTHERS

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

(I) Compliance with Corporate Governance Code (the “Code”) and Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”)

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

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

The corporate governance rules implemented by the Group include, but not limited to the followings: the Articles of Association, the Rules of Procedures for Shareholders’ General Meeting, the Rules of Procedures for the Board, the Rules of Procedures for Supervisory Committee, the Detailed Work Policy of the General Manager, the Work Policy of the Independent Directors, the Rules for Disclosure of Information, the Rules for the Approval and the Disclosure of Connected Transactions of the Company, the Rules for the Management of Relationships with Investors, the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders, the Rules for Monitoring and Assessment of the Implementation of the Resolutions of the Board, the Rules for Report by Directors and Supervisors Dispatched by the Company, the Rules for Management of Employees Stationed at Subsidiaries, the Standard of Conduct and Professional Ethics for Senior Employees, the Measures on the Establishment of Internal Control System and the Measures on Overall Risk Management. For the year ended 31 December 2022 and as of the disclosure date of this annual report, the corporate governance rules and practices of the Group are compliant with the principles and the code provisions set out in the Corporate Governance Code (the “Code”) contained in the Hong Kong Listing Rules. The Group’s corporate governance performance also meets the requirements of the Code.

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

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

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- To formulate more stringent provisions in the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders, the Standard of Conduct and Professional Ethics of the Senior Employees than those of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”);
- To establish an internal control system in accordance with the Guidance on Internal Control for Listed Companies No. 1 – Standard Operation issued by the Shanghai Stock Exchange, General Rules on Internal Control jointly issued by five ministries including the Chinese Ministry of Finance and the provisions under the Code, the standards of the internal control system are more detailed than those of the Code;
- To announce the evaluation conclusions of the Board and auditors in relation to the effectiveness of internal control of the Company for the year 2022.

(II) Securities Transactions of Directors and Supervisors

As of the disclosure date of this report, the Company’s directors and supervisors have strictly complied with the “Model Code” and the Company’s “Shareholders, Directors, Supervisors, Senior Executives and Relevant Insiders’ Shareholding and Change Management System”.

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

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

At the 22nd meeting of the eighth session of the Board held on 29 April 2022, “Shareholders, Directors, Supervisors, Senior Executives and Relevant Insiders Holding Shares of the Company and Change Management System” was approved, which adjusted the whole system structure of the “Company’s Shares Held by Directors, Supervisors, Senior Managements and Insiders and Changes Management System”, supplements and updates relevant provisions, and further strengthens the regulation on the changes of the Company’s shares held by Shareholders, Directors, Supervisors, Senior Managements and relevant insiders.

(III) Board of Directors and Senior Management

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

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

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

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

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

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

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

The Company has established internal policies (including but not limited to the Articles, Director Nomination Policy, Remuneration and Nomination Committee Terms of Reference) to ensure that the Board has access to independent views and opinions.) election and appointment procedures and selection criteria, the mechanism for directors to abstain from voting on relevant proposals considered by the board of directors, the authority of the independent board committee to engage independent financial advisors or other professional advisors, etc. The Company has reviewed the implementation and effectiveness of the above-mentioned mechanism and believes that the above-mentioned mechanism ensures that the Board can obtain independent views and opinions.

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(IV) Board Meetings and Director's Training

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

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

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

For the year ended 31 December 2022, seven Board meetings were held. For the Directors' attendance at the Board meetings and the Shareholders' General Meetings, please refer to the section headed Performance of Directors in this chapter.

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

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

Name	Training
Liu Jian, Zhu Qingrui, Huang Xiaolong	On 28 July 2022, participating in "Strictly Crack Down on Financial Fraud and Resolutely Eliminate Fund Misappropriation" (2022 Phase 1) Special Training held by China Association for Listed Companies.
Li Wei, Liu Jian, Zhu Qingrui, Zhao Qingchun, Huang Xiaolong	On 22 August 2022, participating in "Strictly Crack Down on Financial Fraud and Resolutely Eliminate Fund Misappropriation" (2022 Phase 2) Special Training held by China Association for Listed Companies.
Liu Jian, Zhao Qingchun, Huang Xiaolong	On 22 September 2022, joining the first session of training for directors, supervisors and executives of listed companies in 2022 organized by Shandong Listed Companies Association.

Name	Training
Li Wei, Xiao Yaomeng	On 1 December 2022, participating in Special Training on Corporate Governance organized by China Association of Listed Companies.
Tian Hui, Zhu Limin, Cai Cang, Poon Chiu Kwok	From 9 December to 23 December 2022, participating in the fifth follow-up training for independent directors of listed companies on the main board in 2022 organized by Shanghai Stock Exchange.
Huang Xiaolong	From 9 December to 23 December 2022, joining the sixth follow-up training for independent directors of listed companies on the main board in 2022 organized by Shanghai Stock Exchange.

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

(V) Chairman and Chief Executive Officer

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

In 2022, the Chairman and Independent Non-executive Directors held a meeting without the presence of other Directors.

(VI) Non-Executive Directors

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

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

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

Independent Non-executive Directors and other Non-executive Directors are required to contribute positively to the formulation of strategies and policies of the Company by providing independent, constructive and well-founded advice.

(VII) Performance of Committees to the Board

The Nomination Committee considers the diversity of members of the Board of Directors from various aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and length of service. After considering the above-mentioned relevant factors, the nomination committee will make final appointment recommendations to the board of directors based on the professional expertise of the director candidates and their contributions to the company and the board of directors.

The Board of Directors is committed to improving gender diversity. When selecting and recruiting, due consideration will be given to increasing the proportion of female members. At least one female director will be appointed no later than 31 December 2024.

The Company has also taken, and continues to take steps to promote diversity in its workforce at all levels. All qualified employees enjoy equal employment, training and career development opportunities without discrimination. During the year, the number of female employees accounted for 23.4% of the total number of employees of the Company. To make the management team and employees more diverse, the Company will consider hiring more females in selecting employees and promote females senior management at opportune time.

The Company reviews the board diversity policy annually to ensure its continued effectiveness and compliance with regulatory requirements and good corporate governance practices. The Board believes that the present diversity policy and its implementation is effective.

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

(VIII) Auditors’ Remuneration

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

(IX) Company Secretary

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

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

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

On 25 February 2022, Ms. Leung Sharon Wing Han resigned as the Co-secretary of the Company, for details, please refer to the Company's announcement of change of joint company secretary and authorized representative dated 25 February 2022. At the 21st meeting of the eighth Session of the Board, Mr. Wong Wai Chiu was appointed as the Co-secretary of the Company.

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

(X) Shareholder's Right

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

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

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

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

(XI) Investor Relations

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

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

The Company amends and perfects the Articles and other documents from time to time. For details of the amendments, please refer to the relevant contents of the "Corporate Governance Relevant Information" in this section.

2. *Actively communicating with the investors*

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

During the reporting period, the Company reported to investors on its business operations in a face-to-face manner and collected opinions and recommendations on the Company from investors and capital market through road-shows and reverse road-shows. The Company actively held performance illustration meetings to explain major items to investors. Besides the above-mentioned e-interactions and illustration meetings, the Company also responded to the complaints of investors through hot-lines, faxes and e-mails and solicited advice from investors, conducting a total of over 3,700 contacts with analysts, fund managers and investors as a way to realize smooth two-way communication with capital markets. The Company has reviewed the implementation and effectiveness of the above mechanism and believes that all this can ensure effective communications between the Company, the investors and Shareholders.

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

(XII) Information Disclosure

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

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

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

(XIII) Risk Management and Internal Supervision and Control

For details, please refer to the relevant content of this section "XII BUILDING AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM DURING THE REPORTING PERIOD"

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

All Directors acknowledge their responsibilities for preparing the accounts for the year ended 31 December 2022 as a true and fair reflection of the Company's financial situation, operating results and cash flows.

Environmental and Social Responsibilities

I. ENVIRONMENTAL INFORMATION

Whether to establish relevant mechanisms for environmental protection	Yes
Investment in environmental protection funds during the reporting period (RMB thousand)	560,630

Funds invested in environmental protection are mainly used for waste water, waste gas, solid waste and noise treatment, operation and maintenance of environmental pollution prevention and control facilities, etc.

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

1. Pollutant discharging

During the reporting period, no significant environment pollution incidents occurred within the Group, which has not received any punishment due to significant violation of environment protection laws from environmental protection regulators. The Group has strictly abided by the laws and regulations to deal with environmental pollution, including Environmental Protection Law of the People's Republic of China, Prevention and Control of Atmospheric Pollution Law of the People's Republic of China, Water Pollution Prevention and Control Law of the People's Republic of China, Solid Waste Pollution Prevention and Control Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China, etc. The Group has improved environmental management mechanism, enhanced emission source treatment and actively devoted itself to the building of a resource saving and environment friendly company.

In 2022, the coal mines affiliated to the Group are equipped with sound facilities for sewage process and dust control at coal stockyards, which operate in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, SO₂, 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 particles, 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 operate in a stable manner, and the discharge of main pollutants, such as COD, ammonia nitrogen, PM, SO₂, NO_x, meets all discharging standards.

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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 2022 are as follows:

No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2022
1	Nantun Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 128.4 tons ammonia nitrogen: 6.4 tons	COD: 21.4 tons ammonia nitrogen: 0.19 tons
2	Baodian Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 120.4 tons ammonia nitrogen: 6.0 tons	COD: 35.6 tons ammonia nitrogen: 0.57 tons
3	Yangcun Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 33.1 tons ammonia nitrogen: 1.7 tons	COD: 4.0 tons ammonia nitrogen: 0.11 tons
4	Dongtan Coal Mine (Key pollutant discharging entity in Shandong Province)	industrial wastewater, household wastewater	Chemical oxygen demand (COD), ammonia nitrogen	Discharging to receiving water body after processing in sewage treatment station	“Integrated wastewater discharge standard for basin Part 1: Nansi Lake and Dongping Lake basin” (DB37/3416.1-2018)	COD: 9.8 tons ammonia nitrogen: 0.4 tons	COD: 0 tons ammonia nitrogen: 0 tons
5	Jining No.2 Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 30.7 tons ammonia nitrogen: 2.9 tons	COD: 7.7 tons ammonia nitrogen: 0.10 tons
6	Jining No.3 Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 362.9 tons ammonia nitrogen: 18.1 tons	COD: 8.2 tons ammonia nitrogen: 0.28 tons
7	Zhaolou Coal Mine (Key pollutant discharging entity in Shandong Province)					COD: 95.4 tons ammonia nitrogen: 5.9 tons	COD: 15.4 tons ammonia nitrogen: 0.33 tons

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No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2022
8	Xinglongzhuang Coal Mine (Key Industrial wastewater discharging entity in Shandong Province, National key pollutant discharging entity of household waste water)				"Integrated wastewater discharge standard for basin Part 1: Nansi Lake and Dongping Lake basin" (DB37/3416.1-2018), "Emission Standard of Pollutants for Urban Sewage Treatment Plants" (GB 18918-2002)	COD: 109.0 tons ammonia nitrogen: 5.5 tons	COD: 2.4 tons ammonia nitrogen: 0.19 tons
9	Tianchi Coal Mine of Shanxi Neng Hua (Key pollutant discharging entity of Jinzhong City)				"Environmental quality standards for surface water" (GB3838-2002)	No total emission requirements for COD and ammonia nitrogen	COD: 3.8 tons ammonia nitrogen: 0.20 tons
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, and the waste water recycled for utilization after treatment in waste water treatment station	"Emission Standards of Air Pollutants for Power Plants"(GB13223-2011)	PM: 96.6 tons SO ₂ : 617.0 tons NO _x : 1,149.4 tons	PM: 24.4 tons SO ₂ : 65.7 tons NO _x : 533.0 tons
11	Zhuanlongwan Coal Mine of Ordos Company (Ordos City key pollutant discharging entity)			and the remaining discharged	"Emission Standard of Air Pollutants for Boilers" (GB13271-2014)	PM: 19.4 tons SO ₂ : 89.4 tons NO _x : 114.8 tons	PM: 4.8 tons SO ₂ : 12.3 tons NO _x : 40.0 tons
12	Shilawusu Coal Mine of Ordos Company (Ordos City pollutant discharging entity)					PM: 23.5 tons SO ₂ : 107.2 tons NO _x : 81.0 tons	PM: 1.4 tons SO ₂ : 31.6 tons NO _x : 36.3 tons
13	Jinjitan Coal Mine (Yulin City key pollutant discharging entity)				"Emission Standard of Air Pollutants for Boilers" (GB13271-2014)	PM: 14.0 tons SO ₂ : 46.6 tons NO _x : 93.1 tons	PM: 0.6 tons SO ₂ : 0.8 tons NO _x : 14.7 tons
14	Rongxin Chemicals of Ordos Company (National key air pollutant discharging entity)				"Emission standard of air pollutants for thermal power plants" (GB13223-2011)	PM: 243.7 tons SO ₂ : 492.8 tons NO _x : 923.0 tons	PM: 12.0 tons SO ₂ : 146.5 tons NO _x : 279.6 tons

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No.	Key pollutant discharging entities	Types of pollutant	Main pollutants	Discharging method	Discharging standard	Annual pollutant discharging permission volume	Actual discharging volume in 2022
15	Zhaolou Power Plant (National key pollutant discharging entity)			Smoke and gas discharged to the air after purification	“Emission standard of air pollutants for thermal power plants in Shandong Province” (DB37/664-2019)	PM: 34.6 tons SO ₂ : 242.4 tons NOx: 346.3 tons	PM: 8.8 tons SO ₂ : 52.4 tons NOx: 168.8 tons
16	Jining No.3 Power Plant (National key pollutant discharging entity)					PM: 32.4 tons SO ₂ : 226.9 tons NOx: 319.0 tons	PM: 8.0 tons SO ₂ : 47.8 tons NOx: 297.0 tons
17	Power Plants affiliated to Inner Mongolia Mining Company (Ulan Qab key pollutant discharging entity)				“Emission standard of air pollutants for thermal power plants” (GB13223-2011)	PM: 374 tons SO ₂ : 1,522.1 tons NOx: 1,522.1 tons	PM: 34.0 tons SO ₂ : 164.6 tons NOx: 521.2 tons
18	Yulin Neng Hua (National key pollutant discharging entity)	Boiler flue gas, industrial wastewater, household wastewater	PM (particulate matter), SO ₂ , NOx, 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 Boilers in Shaanxi Province” (DB61/1226-2018), “Integrated wastewater discharge standard of Yellow river basin in Shaanxi Province” (DB61/224-2018)	PM: 76.1 tons SO ₂ : 242.7 tons NOx: 374.9 tons COD: 85.8 tons ammonia nitrogen: 13.7 tons	PM: 14 tons SO ₂ : 143.9 tons NOx: 234.3 tons COD: 4.2 tons ammonia nitrogen: 0.22 tons
19	Yankuang Lunan Chemical Company (National key air pollutant discharging entity)				“Emission standard of air pollutants for thermal power plants in Shandong Province” (DB37/664-2019), “Regional and Integrated Emission Standard of Air Pollutants” (DB37/2376-2019) “Integrated wastewater discharge standard for basin Part 1: Nansi Lake and Dongping Lake basin”(DB37/3416.1-2018)	PM: 94.5 tons SO ₂ : 544.6 tons NOx: 787.7 tons COD: 577.0 tons ammonia nitrogen: 91.0 tons	PM: 21.7 tons SO ₂ : 123.0 tons NOx: 470.2 tons COD: 471.3 tons ammonia nitrogen: 13.1 tons

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2. Construction and operation of pollution control facilities

The pollution control facilities of the Group operate in parallel with the production system to ensure that pollutants discharged only after meeting relevant standards.

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

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
1	Nantun Coal Mine	A mine water treatment station, a household sewage treatment station and a high salt mine water treatment facility have been established as required, which are all in normal operation. Closed coal sheds and closed material sheds have been built.
2	Zhaolou Coal Mine	
3	Jining No. 3 Coal Mine	
4	Dongtan Coal Mine	A mine water treatment station, a household wastewater treatment station and high salt mine water treatment facility have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up. The household sewage reconstruction and expansion project was completed.
5	Jining No. 2 Coal Mine	
6	Yangcun Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up.
7	Xinglongzhuang Coal Mine	
8	Baodian Coal Mine	A mine water treatment station, a household wastewater treatment station and high salt mine water treatment facility have been built as required, which are all in normal operation. Sealed coal sheds and sealed material sheds have been set up.
9	Tianchi Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. A 10 steam-ton and a 6 steam-ton natural gas boiler were built to replace the original coal-fired boiler.

No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
10	Zhuanlongwan Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. There are also 3 boilers with the capacity of 20 steam tons per hour each, which are all equipped with dedusting, desulfurization and denitration facilities and are in normal running.
11	Shilawusu Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. There are also 1 circulating fluidized bed boiler with the capacity of 45 steam tons per hour, 3 boilers with the capacity of 20 steam tons per hour each, which are equipped with dedusting, desulfurization and denitration facilities and are in normal operation.
12	Jinjitian Coal Mine	A mine water treatment station and a household wastewater treatment station have been built as required, which are all in normal operation. There are also 2 boilers with the capacity of 65 steam tons per hour each, which are equipped with dedusting, desulfurization and denitration facilities and are in normal operation.
13	Shaanxi Future Energy Coal to Oil Branch	An industrial water treatment plant has been built and is in normal operation, which discharges the waste water after treatment for recycling use after further treatment. There are also 3 coal-powder boilers with the capacity of 480 steam tons per hour each in normal operation, which are all equipped with dedusting, desulfurization and denitration facilities that have completed ultra-low emission retrofit and are in normal operation.
14	Yulin Neng Hua	An industrial wastewater treatment station has been built as required and is in normal operation. There are also 4 coal-powder boilers with the capacity of 260 steam tons per hour each, which are all equipped with dedusting, desulfurization and denitration facilities, which have completed ultra-low emission retrofit and are in normal operation.

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No.	Key pollutant discharging entities	Construction and operation of pollution control facilities
15	Rongxin Chemicals of Ordos Company	A mine water treatment station and a household sewage treatment station have been built as required, which are all in normal operation. There are also 3 circulating fluidized bed boilers with the capacity of 220 steam tons per hour each and 2 circulating fluidized bed boilers with the capacity of 380 steam tons per hour each, which are all equipped with dedusting, desulfurization and denitration facilities that have completed ultra-low emission retrofit and are in normal operation.
16	Lunan Chemicals	An industrial waste water treatment plant has been built as required and is in normal operation. There are also 2 circulating fluidized bed boilers with the capacity of 130 steam tons per hour each, 2 with the capacity of 260 steam tons each and 2 with the capacity of 480 steam tons each, which are all equipped with dedusting, desulfurization and denitration facilities and have completed ultra-low emission retrofit.
17	Zhaolou Power Plant	1 boiler has been built with the capacity of 1,025 steam tons per hour, which is equipped with dedusting, desulfurization and denitration facilities and has achieved ultra-low emission retrofit and is in normal operation.
18	Jining No. 3 Power Plant	There are 2 boilers with total capacity of 440 steam tons per hour each, which are all equipped with dedusting, desulfurization and denitration facilities and have achieved ultra-low emission retrofit and are in normal operation.
19	Inner Mongolia Hongda Industrial Co., Ltd.	There are 2 boilers with total capacity of 2,478 steam tons, which are all equipped with dedusting, desulfurization and denitration facilities and have achieved ultra-low emission retrofit and are in normal operation.

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

The Group conscientiously implements the “Environmental Impact Assessment Law” and other relevant laws and regulations. All projects constructed strictly follow the environmental management procedures of construction projects, implement the requirements for environmental impact assessment, and carry out environmental impact assessment before project construction. The Group implements the “Three Simultaneous” system. In accordance with the environmental impact assessment and approval requirements, the pollution control and ecological protection projects are designed, constructed and put into use at the same time as the main project. The Group implements the requirements for environmental protection acceptance of construction projects, and conducts independent environmental protection acceptance after the trial operation is completed to ensure that the project construction is in accordance with laws and regulations, and the construction approval is consistent.

All key pollutant discharge units of the Group strictly implement the pollutant discharge permit system to ensure that “discharge with a permit and discharge according to a permit” and that the permits are all within the validity period.

4. Emergency plan for emergency environmental incidents

Based on the risk assessment of environmental emergencies and the investigation on emergency resources, the Company has worked out Emergency Plan for Environmental Emergencies, which has been reviewed by experts and filed at the local ecological environment authority. At the same time, we have strengthened emergency facilities, carried out regular emergency drills to improve our capacity of preventing and 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 department for ecological environment to realize real-time supervision. Each production unit of the Group has prepared self-monitoring plans, carried out self-monitoring regularly, and disclosed monitoring information of key pollution sources to the public as required. The main methods of monitoring are online monitoring and entrusted monitoring.

Chapter 06 Environmental and Social Responsibilities

(1) *On-line monitoring*

i. Mine water

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

ii. Household wastewater

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

iii. Industrial wastewater

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

iv. Boiler smoke

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

v. Online monitoring of 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.

(2) *Entrusted monitoring*

- i. Monitoring of pollutants in discharged water is carried out by a third party as required once a month and the monitoring objectives shall refer to the Standard for the Discharge of Pollutants in Urban Sewage Treatment Plant.
- ii. The Group has entrusted a third party to implement manual monitoring of Ringelman emittance, PM, SO₂ and NO_x, quarterly.
- iii. The Group has entrusted the third party to implement plant boundary noise monitoring quarterly.
- iv. The monitoring of radioactive sources has been conducted by a third party as required yearly.

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

Statistical Table of Administrative Penalties Due to Environmental Issues in 2022

No.	Penalty Entities	Inspection Authorities	Notification Number	Penalty (RMB10 thousand)
1	Zhaolou Coal Mine	Yuncheng County Branch of Heze City Ecological Environment Bureau	He Yun Huan Fa Zi [2022] No. 300114	73
2		Heze City Ecological Environment Bureau	He Huan Fa Zi [2022] No. L071901	11
3	Zhaolou Power Plant	Heze City Ecological Environment Bureau	He Huan Fa Zi [2022] No. L071902	66.25
4		Yijinhuoluo Branch of Ordos City Ecological Environment Bureau	E Huan Fa [2022] No. 9	10
5		Yijinhuoluo Branch of Ordos City Ecological Environment Bureau	E Huan Fa [2022] No. 12	13.1
6	Shilawusu Coal Mine	Yijinhuoluo Branch of Ordos City Ecological Environment Bureau	E Huan Fa [2021] No. 95	50
7		Yijinhuoluo Branch of Ordos City Ecological Environment Bureau	E Huan Yi Fa [2022] No. 10	12.12
8		Yijinhuoluo Branch of Ordos City Ecological Environment Bureau	E Huan Yi Fa [2022] No. 70	10
10	Zhuanlongwan Coal Mine	Ordos City Ecological Environment Bureau	E Huan Fa [2022] No. 58	205.43
		Total		450.9

7. *Other environmental information that should be disclosed*

Not applicable.

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(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.

The mines affiliated to Yancoal Australia strictly abide by the relevant environmental protection laws and regulations of the country where they are located, construct and operate pollution prevention and control facilities, and actively carry out pollution prevention and control work. The discharge of waste gas, waste water, solid waste and other wastes all meet the discharging standards of Australia. For possible environmental accident risks, emergency plans for environmental accidents and other emergencies have been formulated, and a communication and reporting system to the local government, environmental protection regulatory agencies, and community residents who may be affected has been established. For the environmental information of Yancoal Australia, please refer to the Environmental, Social and Governance (ESG) Report regularly disclosed by Yancoal Australia.

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

The Group actively promotes the construction of key projects such as pollution prevention and control. The status of key projects during the reporting period is as follows:

1. Deep treatment facilities for high salinity mine water in Nantun Coal Mine, Dongtan Coal Mine, Jining No. 2 Coal Mine, Jining No. 3 Coal Mine, Zhaolou Coal Mine have been built. They have been put into normal operation. The sulfate ion of drainage is controlled under 650mg/L and the total salt content under 1600mg/L so as to meet the discharge standards and improve the water quality of receiving water bodies.
2. Dongtan Coal Mine and Jining No. 2 Coal Mine household sewage treatment expansion and upgrading projects have been put into operation, further improving the level of domestic sewage treatment equipment and ensuring stable and up-to-standard discharge.
3. The Group further strengthened the pollution emission control of non-road mobile machinery, and eliminated all existing non-road mobile machinery with national I and below emission standards, a total of 104 units, and continued to improve the air quality of the operating area and the surrounding environment.

(IV) Measures and Effects Taken to Reduce Carbon Emissions During the Reporting Period and their Effects

Whether to take carbon reduction measures	Yes
Reduction of carbon dioxide equivalent emissions (tons)	1,544
Types of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	Clean energy power generation, use of carbon reduction technology in the production process

Specific description

1. In 2022, the Group continued to implement measures to reduce carbon emissions. Lunan Chemical implemented the heat recovery and pressure-lifting operation transformation project in the east plant area. The Company shut down 3 compressors, achieving a power saving benefit of 28 million kWh/year; Future Energy Coal-to-oil Branch completed the transformation of the feed water pump for the purification and deaeration boiler, recycling and utilization of desalted water and ultrafiltration backwash water, etc. The construction of water projects has achieved electricity saving benefits of 1.568 million kWh/year. Xinglongzhuang Coal Mine completed the investment in the low-temperature waste heat recovery and utilization project of mine drainage, realizing electricity saving of 7.96 million kWh/year. Yangchun Coal Mine completed the upgrade and renovation project of the underground belt control system, realizing an annual electricity saving of 123,900 kWh/year. The Group reduced carbon emissions by 1,544 tons in total.

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2. The affiliated entities of the Group found 151 electromechanical equipment that did not meet the latest energy efficiency level requirements one by one, and promoted the replacement of outdated electromechanical equipment in an orderly manner.
3. Most of the coal mines operated by the Group are low-gas coal mines, and the fugitive methane emissions caused by coal mining activities are relatively small. Gassy coal mines collect gas and use it for power generation, thereby reducing carbon emissions.

II. OVERVIEW OF SOCIAL RESPONSIBILITY WORK

(I) Whether to disclose social responsibility report, sustainable development report or ESG report separately

The Company publishes a separate Environmental, Social and Governance (“ESG”) report.

(II) Specific situation of social responsibility

External donations and welfare projects	Number	Description
Total investment (RMB0'000)	9,358.62	–
Of which: funds (RMB0'000)	9,111.91	–
Materials(RMB0'000)	246.70	Epidemic-used donated materials, self-use coal
The number of people benefited	–	–

Specific description

In 2022, the Group actively carried out social responsibility work such as external donations and public welfare support. For details, please refer to the “Environmental, Social and Governance Report 2022” disclosed on 24 March 2023.

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

Poverty Alleviation and Rural Revitalization Projects	Number	Description
Total investment (RMB0'000)	7,833.76	–
Of which: funds (RMB0'000)	7,833.76	–
Materials(RMB0'000)	–	–
The number of people benefited	–	–
Forms of assistance (such as industrial development, job creation, and education, etc.)	Ecological conservation, people's livelihood improvement, education	Organization building, industrial development, cultural development, ecological conservation

Specific description

Following the national rural revitalization strategy, the Group has consolidated and expanded the achievements of poverty alleviation and continued to promote the overall revitalization of the countryside through actions such as party organization revitalization, industrial revitalization, cultural revitalization, and ecological revitalization.

Party organization revitalization: The Company appointed the “first secretary” to promote the construction of the “two committees” team in the aided areas, actively coordinate and solve the problems reported by the masses, and the relationship between the party and the masses and the cadres and the masses have been further harmonious. In 2022, the Company donated RMB 5 million to the Shandong Provincial Poverty Alleviation and Development Fund Council for the support of the first secretary.

Industrial revitalization: The Company supports the planting of economic crops in the aided areas, supports the development of agricultural-related industrial projects, invests in the purchase of agricultural machinery and equipment, promotes industrial cooperation, provides labor income channels for the villagers in the aided areas, and lays a solid foundation for the long-term development of the rural economy.

Cultural revitalization: The Company solidly carried out the work of rural cultural construction, strengthened investment in the construction of civilization in the new era, and carried out the public welfare activity “Warming Children’s Inspiration and Inspirational Growth Helping Rural Revitalization”, and donated “Inspirational Growth Packs” to primary and secondary school students and left-behind children with family difficulties, so as to encourage them to establish lofty ideals, overcome difficulties, and strive to contribute to the development of their hometown in the future.

Ecological revitalization: The Company cares about the rural natural environment and residents’ living conditions, actively helps the construction of rural ecological civilization, vigorously supports the development of greening projects, and creates a beautiful countryside with local residents.

Chapter 07

Significant Events

I. PERFORMANCE OF UNDERTAKINGS

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

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance 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: Shandong Energy Group and the Company entered into the Restructuring Agreement when the Company was carrying out the restructure in 1997, pursuant to which, Shandong Energy 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. (1) In view of the independence of Yankuang Energy in assets, business, personnel, finance and other aspects from Shandong Energy Group, Shandong Energy Group will continue to maintain the independence of Yankuang Energy and fully respect its right of management; Yankuang Energy and its subsidiary Yankuang Finance Company will decide on the financial business between Yankuang Finance Company and Shandong Energy 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;	27 July 2018 Long-term effective	No	Yes	Under normal performance	None

Background	Type	Undertaker	Undertakings	Date and Term of Undertakings	With Performance Deadline or Not	Perform Timely and Strictly or Not	Reasons for Failure of Performance Timely	Measures in Case of Failure of Performance Timely
			<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>					
			<p>(3) In case Shandong Energy Group and its controlled companies misappropriated any capital fund of Yankuang Energy through Yankuang Finance Company or in any other form and caused any loss, Shandong Energy Group and its controlled companies will make full amount compensation in cash.</p>					
			<p>(4) Shandong Energy 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 Yankuang Energy and other public shareholders.</p>					
			<p>Note: As reviewed at the Company's second extraordinary shareholders' meeting in 2022 on 28 October 2022, the merger and reorganization of Yankuang Finance Company and Shandong Energy Finance Company was approved. After the merger is completed, Yankuang Finance Company will be deregistered and Shandong Energy Finance Company will continue in existence. The merged Shandong Energy Finance Company will inherit the above commitments.</p>					

Chapter 07 Significant Events

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
	Others	Shandong Energy Group	<p>On 30 September 2021, Shandong Energy Group and Yankuang Energy signed the “Equity and Assets Transfer Agreement” agreeing that Yankuang Energy 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 Shandong Energy 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</p> <ol style="list-style-type: none"> Shandong Energy Group promised that for 2021-2022 (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%. 	2020-2022	Yes	Yes	Performance completed	None

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

Chapter 07 Significant Events

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>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 Shandong Energy Group and Yankuang Energy signed the “Equity and Asset Transfer Agreement”, including but not limited to:</p> <p>(1) Natural disasters, such as earthquakes and tsunamis, typhoons, volcanic eruptions, landslides, avalanches, mudslides, etc.;</p> <p>(2) Social abnormal events, such as wars, armed conflicts, strikes, riots, uprising, etc.;</p> <p>(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 Yankuang Energy, from the year in which the foregoing situation occurred (including the year), according to the degree of influence of the foregoing circumstances, Shandong Energy Group may adjust the amount of committed net profit and other content accordingly.</p>					

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

Not applicable

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

According to the Special Audit Report [2023] (No.316004-316009) issued by Zhongxingcai Guanhua Certified Public Accountants (Special General Partnership), in 2020-2022, Yankuang Energy acquired 49.315% shares of Future Energy, 100% of Fine Chemicals, 100% shares of Lunan Chemicals, 100% shares of Jining Chemicals Equipment, 100% shares of Yankuang Coal Chemicals Supply & Marketing, and 99% shares of Jining No.3 Power Plant. The audited extraordinary non-recurring profits and losses attributable to shareholders of the parent company was RMB11.99 billion, higher than RMB4.314 billion, which represents the completion of the agreement on the promised net profit in the “Equity and Assets Transfer Agreement”.

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

Not Applicable.

III. VIOLATION OF GUARANTEES

Not Applicable.

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

Not applicable.

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

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

Not applicable.

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

Not applicable.

(III) Communication With The Former Accounting Firm

Not applicable.

(IV) Other Explanations

Not applicable.

VI. DETAILS ON EMPLOYMENT AND DISMISSAL OF ACCOUNTING FIRMS

RMB0'000

	Appointed firms at present
Name of the A Share accounting firm	ShineWing Certified Accountants (special general partnership)
Remuneration for the A Share accounting firm	790 (including remuneration for internal control)
Auditing experience of the A Share accounting firm	From June 2008 to present
Name of certified public accountants of A Share accounting firm	Liu Jingwei, Zhao Xiaoyu
Number of consecutive years of audit service by certified public accountants of A Share accounting firms	Four years and one year
Name of the H Share accounting firm	SHINEWING (HK) CPA Limited
Remuneration of the H Share accounting firm	200
Auditing experience of the H Share accounting firm	From March 2017 till now

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

Explanation on engagement and dismissal of accounting firms

Reviewed and approved at the 2021 annual general meeting held on 30 June 2022, ShineWing Certified Public Accountants LLP and SHINEWING (HK) CPA Limited were appointed as accountants for A Share and H Share for 2022, who are responsible for auditing, reviewing and internal control audit evaluation of the Company's financial statements. The term of responsibility begins at the end of the 2021 annual general meeting and ends at the end of the 2022 annual general meeting.

The Company paid RMB9.9 million for audit services of domestic and overseas business in 2022, including RMB7.9 million paid to ShineWing Certified Public Accountants LLP, RMB2 million paid to SHINEWING (HK) CPA Limited. The Company bears board and lodging costs induced by the accountants during the period of working in the Company, and does not bear travel and other expenses. The Board was authorized to decide to pay for additional services such as follow-up audit and internal control audit evaluation due to the addition of new subsidiaries or changes in supervisory and regulatory rules.

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

Under the Hong Kong regulation Financial Reporting Council Ordinance (FRC), Chapter 588 (came in force from 1 October 2019), the auditor SHINEWING (HK) CPA Limited for the year 2022 appointed by the Company is a registered public interest entity auditor. In the past three years, the auditors of the Company have not been changed.

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

Not applicable.

VII. EXPLANATION ON DELISTING RISKS

(I) Reasons For Delisting Risk Warning

Not applicable.

(II) Countermeasures to Be Taken by the Company

Not applicable.

(III) Overview and Reasons for Termination of Listing

Not applicable.

VIII. MATTERS RELATED TO BANKRUPTCY REORGANIZATION

Not applicable.

IX. SIGNIFICANT LITIGATION AND ARBITRATION EVENTS

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

Not applicable.

Chapter 07 Significant Events

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

Unit: RMB0'000

During the reporting period:

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Inner Mongolia New Changjiang Mining & Investment Co., Ltd. ("New Changjiang")	Yankuang Energy	No	Arbitration	<p>In April 2018, New Changjiang submitted an arbitration application to China International Economic and Trade Arbitration Commission ("CIETAC") for the violation of the relevant equity transfer agreements by Yankuang Energy and requested Yankuang Energy to pay a total of approximately RMB1.435 billion, comprising the consideration for the equity transfer of RMB749 million, penalty of RMB656 million, and the legal fees, arbitration fees and preservation fees involved in this case.</p> <p>CIETAC held two hearings on the case in October 2018 and December 2018 respectively, and no ruling was issued.</p> <p>In April 2019, New Changjiang changed its arbitration request to the termination of the equity transfer agreement and obtained the permission of CIETAC. CIETAC held the third and fourth hearings on the case in August 2019 and December 2019 respectively.</p> <p>On 30 December 2020, CIETAC issued a ruling of suspension of the arbitration procedure.</p> <p>On 26 February 2023, CIETAC heard the case.</p> <p>As of the disclosure date of this report, CIETAC has not yet made a ruling.</p>	143,500	No	Abitration	The case is undergoing arbitration and the Company is unable to accurately estimate the impact of the arbitration on the current profit and future profit.	-

Significant Events Chapter 07

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Xiamen Xinda Co., Ltd. ("Xiamen Xinda")	Shandong Zhongyin Logistics Co., Ltd. ("Zhongyin Logistics")	Yankuang Energy	Litigation	<p>In March 2020, Xiamen Xinda sued Zhongyin Logistics and Yankuang Energy to Xiamen Intermediate People's Court ("Xiamen Intermediate Court") on the grounds of the dispute over the sale and purchase contract, requesting Zhongyin Logistics to return the principal of the purchase price and the corresponding interest RMB232.6609 million. The Company is required to bear joint liability.</p> <p>In June 2022, Xiamen Intermediate Court rejected Xiamen Xinda's suit at the first instance, and Yankuang Energy won the suit. Xiamen Xinda appealed to the Fujian High People's Court ("Fujian High Court").</p> <p>On 15 October 2022, the Company received the ruling result of Fujian High Court that the case was sent back to the Xiamen Intermediate Court for retrial.</p>	23,266.09	No	Retrial of the first instance	This case is currently under retrial of the first instance, and the Company is unable to accurately estimate the impact of the arbitration on the current profit and future profit.	-
Yankuang Energy	Bill debtors including Baota Shenghua Trading Group Co., Ltd, Inner Mongolia Yanmeng Coal Transportation and Sales Co., Ltd. etc.	Bill debtors including Baota Petrochemical Group Finance Co., Ltd ("Baota Finance Company"), Baota Petrochemical Group Co., Ltd. etc.	Litigation	<p>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.</p> <p>The Company has recovered RMB3 million in two cases, which were settled; the remaining 87 cases were transferred to Yinchuan Intermediate People's Court.</p> <p>As of 6 June 2022, the Company won the lawsuits in all 87 cases and has applied for execution.</p>	27,210.00	No	Settled	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.	In execution As of the disclosure date of this report, the Company has collected a total of RMB40.14 million.

Chapter 07 Significant Events

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	Yankuang Energy	Beijing Baota International Economic And Technical Cooperation Co., Ltd., Baota Finance Co., Ltd. and other debtors	Litigation	<p>From December 2018, citing the bill dispute, the holders of the acceptance bill of exchange of Baota Finance Company sued Yankuang Energy in 45 cases respectively, demanding to exercise the right of recourse for bills, involving a total amount of RMB55.95 million.</p> <p>As of June 2022, the Company has lost 31 cases, and assumed 31 cases of liability for negotiable instruments after losing, and paid RMB40.15 million; 14 cases were exempted from liability due to the defense of defective bills, with an amount of RMB12.60 million.</p>	5,595.00	No	Settled	The Company has paid RMB43.25 million in accordance with the court's judgment.	-
China Huarong Asset Management Co., Ltd. Inner Mongolia Autonomous Branch ("China Huarong")	Yankuang Energy	Ordos Jinchengtai Chemical Co., Ltd. ("Jinchengtai"), etc.	Litigation	<p>In June 2020, China Huarong sued Jinchengtai and others to the Hohhot Intermediate People's Court ("Hohhot Intermediate Court") in two cases on the grounds of the dispute over the sale and purchase contract, requesting Jinchengtai to repay the arrears principal and corresponding interest and other expenses respectively RMB451 million and RMB680 million. Since Jinchengtai pledged its accounts receivable from Yankuang Energy to China Huarong, China Huarong sued the Company as a third party to the Hohhot Intermediate Court and required the Company fulfill the corresponding payment obligations within the pledged accounts receivable.</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 Court opened a trial. In February 2022, the Company received a judgment of the first instance from the Hohhot Intermediate Court in favor of the Company and was exempt from liability. China Huarong appealed to the Inner Mongolia High People's Court.</p> <p>On 8 October 2022, the Company received the judgment of the second instance of the Inner Mongolia High Court that the original judgment of the first instance was maintained and the Company was exempted from liability.</p>	113,100.00	No	Settled	The Company was exempted from liability.	-

Significant Events Chapter 07

Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Jin Chengtai	Yankuang Energy	No	Arbitration	On 5 July 2022, Jin Chengtai filed an arbitration application with China International Trade Center for the dispute over the equity transfer contract, requiring Yankuang Energy to pay Jin Chengtai the mine equity transfer fee of the third phase and overdue fine of RMB1,015.9015 million. The case has not come to trial.	101,590.15	No	In the arbitration	The case is currently in the procedure of execution. The Company is unable to assess the impact on the Company's profit after the period.	-
Yankuang Energy	Linyi Mengfei Trading Co., Ltd. ("Linyi Mengfei")	Huasheng Jiangquan Group Co., Ltd. ("Jiangquan Group"), Zhang Yinlong, Wang Wentao, Wang Wensheng	Litigation	In July 2020, Yankuang Energy sued Linyi Mengfei to the Jining Intermediate People's Court (Jining Intermediate Court) on the grounds of a coal sale contract dispute, requesting it to return the principal of the purchase price of RMB14,094.08 million and the corresponding interest and other expenses. Jiangquan Group, Zhang Yinlong, Wang Wentao and Wang Wensheng shall be jointly and severally liable for the above payment. The Jining Intermediate Court ruled in favor of the Company in the first instance, and the opponent filed an appeal with the Shandong High Court. In June 2022, Shandong High People's Court ruled in favor of the Company, and now the Company has applied for execution.	14,094.08	No	Settled	The case is currently in the procedure of execution. The Company is unable to assess the impact on the Company's profit after the period.	In execution As of the disclosure date of this report, the Company has collected a total of RMB16.3835 million.

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Plaintiff (applicant)	Defendant (respondent)	Joint and several liable party	Type	Background	Amount involved	Estimated liabilities and amount	Progress	Judgment and impact	Judgment execution
Qingdao Zhongyan Trading Co., Ltd (Qingdao Zhongyan)	Dalian Container Terminal Logistics Co., Ltd. ("Dalian Terminal")	No	Litigation	<p>In April 2021, Qingdao Zhongyan, a wholly-owned subsidiary of Yankuang Energy, sued Dalian Terminal to the Dalian Maritime Court on the grounds of a warehousing contract dispute, demanding compensation of RMB169.2464 million for cargo losses.</p> <p>On 7 June 2022, the Dalian Maritime Court heard the case for the fourth time.</p> <p>As of the disclosure date of this report, the Dalian Maritime Court has not yet made a ruling.</p>	16,924.64	No	In the first instance	As of the end of the reporting period, the Company has made impairment provision for the full amount involved in this case, and this lawsuit will not adversely affect the Company's profit after the period.	-
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	<p>In April 2021, Duanxin Supply Chain, a wholly-owned subsidiary of Yankuang Energy, sued Shagang Beijing to Shenzhen Intermediate People's Court ("Shenzhen Intermediate People's Court") on the grounds of a coal sale contract dispute, requesting it to return the principal of RMB121,605,700 and corresponding penalty for overdue payment. Tianjin Wantong, Li Lei and Shagang Group shall be jointly liable for the aforesaid payments.</p> <p>On 28 June 2022, Shenzhen Intermediate People's Court held a trial on the case.</p> <p>In March 2023, the Company received the ruling of Shenzhen Intermediate People's Court that the Company has won the first instance. As of the disclosure date of this report, Shenzhen Intermediate People's Court has not yet made a ruling.</p>	12,160.57	No	Won the first instance	As of the end of the reporting period, the Company has made impairment provision for the full amount involved in this case, and this lawsuit will not adversely affect the Company's profit after the period.	-

Note: The Case concerning dispute over sales contract where Yankuang Coal Chemical Supply and Marketing Company sued Guizhou Kailin Group Mineral Fertilizer Co., Ltd. ("Kailin Mineral Fertilizer", for details, please refer to "Major Litigation and Arbitration" in Chapter 7 Significant Events of 2021 Annual Report) has been settled. Kailin Mineral Fertilizer has agreed to repay RMB190.795 million of principal and interest to Yankuang Coal Chemical Supply and Marketing Company by installment. Guizhou Kailin Group Co., Ltd. and Guizhou Phosphate (Group) Co., Ltd. have agreed to be jointly and severally liable for the above-mentioned payment. As of the disclosure date of this report, the Company has received repayment of RMB52.064 million.

(III) Other Explanation

Not applicable.

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

For details, please refer to Explanation on Punishment from Security Regulatory Agencies for the Past Three Years in Chapter 5 Corporate Governance.

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

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

XII. MAJOR CONNECTED/RELATED TRANSACTIONS

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

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

Chapter 07 Significant Events

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

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

Overview of Matters	Query Index
<p>Continuous connected transactions in financial services</p> <p>Upon discussion and deliberation at the 2021 Annual General Meeting of the Company held on 30 June 2022, Yankuang Finance was approved to sign the new Financial Services Agreement with Shandong Energy, together with the transaction cap for 2023-2025.</p> <p>During the validity of the Agreement, Yankuang Finance Company will provide deposits, comprehensive credit extension and other financial services to Shandong Energy Group and its subsidiaries. The specifics are as follows: 1. Deposit service: the maximum daily deposit balance (including accumulated interest) shall not exceed RMB35.8 billion; 2. General credit limit: the maximum daily balance (including accumulated interest) shall not exceed RMB15 billion, RMB16 billion and RMB17 billion respectively; 3. Other financial services: no more than RMB4 million per year per category.</p> <p>The terms of the agreement on daily connected transactions can benefit Yankuang Finance Company in sourcing funds, expanding business scale, enhancing profitability and integrating financial resources. By replacing external high-interest loans with loans from Yankuang Finance Company, the Company can reduce financing costs, increase competitiveness and better safeguard the its interests and the legitimate rights and interests of minority shareholders.</p>	<p>For details, please refer to the announcement of resolution of the 22nd meeting of the eighth Board on 29 April 2022, the announcement of related transactions regarding the Financial Services Agreement, and the announcement of resolution of the 2021 Annual General Meeting, the 2022 second A-Share General Meeting of Shareholders and the 2022 second H-share General Meeting of Shareholders on 30 June 2022. Such information was published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.</p>

Overview of Matters

Query Index

Continuous connected transactions in financial services

With discussion and deliberation at the 2022 second Extraordinary General Meeting of Shareholders held on 28 October 2022, “Financial Services Agreement” was approved by the reorganized Shandong Energy Finance Company with Yankuang Energy and Shandong Energy respectively, which stipulates the transaction cap from 2023 to 2025 was also approved.

The financial service caps of all categories provided by the reorganized Shandong Energy Finance Company to Shandong Energy are as follows: 1. Deposit service: the maximum daily deposit balance (including accumulated interest) shall not exceed RMB62.5 billion; 2. General credit limit: the maximum daily balance (including accumulated interest) shall not exceed RMB28 billion, RMB30 billion and RMB32 billion respectively; 3. Other financial services: no more than RMB6 million per year.

The financial service caps of all categories provided by the reorganized Shandong Energy Finance Company to Yankuang Energy are as follows: 1. Deposit service: the maximum daily deposit balance (including accumulated interest) shall not exceed RMB27 billion; 2. General credit limit: the maximum daily balance (including accumulated interest) shall not exceed RMB15 billion, RMB16 billion and RMB17 billion respectively; 3. Other financial services: no more than RMB5 million per year.

For details, please refer to the announcement of resolution made at the 24th meeting of the eighth Board on 26 August 2022, the announcement of related transactions, the announcement that the merged Shandong Energy Finance proposed to carry out continuing related transactions of financial services with Yankuang Energy and Shandong Energy respectively, and the announcement of resolution made at the second 2022 Extraordinary General Meeting on 28 October 2022. Such information was published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company and/or the China Securities Journal, the Shanghai Securities News, the Securities Times, and the Securities Daily in China.

The terms of the agreement on daily connected transactions can benefit the reorganized Shandong Energy Finance Company in sourcing funds, expanding business scale, enhancing profitability and integrating financial resources. By replacing external high-interest loans with loans from Shandong Energy Finance Company, the Company can reduce financing costs, increase competitiveness and better safeguard the its interests and the legitimate rights and interests of minority shareholders.

Upon the Agreement comes into force, the new Financial Services Agreement between Yankuang Finance and Shandong Energy dated 30 June 2022 will be annulled.

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

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

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

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

As approved at the Company’s 2021 Annual General Meeting held on 30 June 2022, the annual transaction caps from 2022 to 2023 defined in the “Provision of Material Supply Agreement”, “Provision of Products, Materials and Equipment Leasing Agreement” and “Bulk Commodities Sales and Purchase Agreement” were adjusted on the premise of not changing the terms of the connected/related transaction agreements. The transaction cap defined in the “Provision of Material Supply Agreement” from 2022 to 2023 will be adjusted to RMB2.4 billion for 2022 and RMB2.6 billion for 2023. The transaction cap amount defined in the “Provision of Products, Materials and Equipment Leasing Agreement” from 2022 to 2023 will be adjusted to RMB7.62 billion for 2022 and RMB9.072 billion for 2023. The transaction cap defined in the “Bulk Commodities Sales and Purchase Agreement” from 2022 to 2023 will be adjusted to RMB5.27 billion for both 2022 and 2023 respectively.

This adjustment is based on the normal daily operation needs of the Company and its subsidiaries, which reflects the principle of fairness and rationality, and conforms to the interests of the Company and all shareholders. It will neither adversely affect the Company's present and future financial condition, operating results, the independence of the Company, nor make the Company's business rely on the controlling shareholders.

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

The sales of goods and provision of services by the Group to Shandong Energy Group amounted to RMB5.853 billion in 2022. The goods and services provided by Shandong Energy Group to the Group amounted to RMB5.76 billion.

The following table sets out the continuing connected/related transactions of the supply of materials and services between the Group and Shandong Energy in 2022:

	2022		2021		Increase/decrease of connected/related Transactions (%)
	Amount (RMB'000)	Percentage of sales revenue (%)	Amount (RMB'000)	Percentage of sales revenue (%)	
Sales of goods and provision of services by the Group to Shandong Energy Group	5,852,794	2.88	5,481,625	3.61	6.77
Sales of goods and provision of services by the Group to Shandong Energy Group	5,760,498	2.83	3,946,340	2.60	45.97

Chapter 07 Significant Events

The table below shows the effect on the Group's profits from sales of coal by the Group to Shandong Energy Group in 2022:

	Sales income (RMB'000)	Sales cost (RMB'000)	Gross profit (RMB'000)
Coal sold to Shandong Energy Group	5,178,870	1,553,661	3,625,209

Pursuant to the Provision of Insurance Fund Administrative Services Agreement, Shandong Energy Group shall provide free management and transferring services for the Group's basic medical insurance fund, supplementary medical insurance fund (the "Insurance Fund"). The actual amount of the Insurance Fund paid by the Group for the year 2022 was RMB363 million.

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

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

- ③ Continuing connected/related transaction of financial services

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

As at 31 December 2022, the comprehensive credit balance of Shandong Energy Group in Yankuang Finance Company is RMB8.606 billion, and the financial service expenses incurred in 2022 are RMB1.193 million.

④ Continuing connected/related transactions of finance leases

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

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

In 2022, Yankuang Financial Leasing did not provide financial leasing services to Shandong Energy Group.

⑤ 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 Shandong Energy Group and the annual cap of transaction amount from 2021 to 2023 was approved. Operation and maintenance costs are determined at the unit price per person per day in accordance with the general calculation rules of the ERP and related system operation and maintenance market on a per person per day basis.

In 2022, the Company paid the operation and maintenance costs of RMB47,169 million to Shandong Energy Digital Technology.

⑥ 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 Yankuang Energy in accordance with the cost-plus method.

In 2022, the total amount of fees charged by the Shandong Energy Group for the sale of chemical raw coal to the Group is RMB558 million; the total amount of fees charged by the Group for the sales of chemical products and provision of sales agency services of chemical products to Shandong Energy Group is RMB19 million.

Chapter 07 Significant Events

⑦ Continuing connected/related transactions of the medical services

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

In 2022, the Company paid a total of RMB40,259 million for medical examination fees and other service fees to Yiyang Company.

⑧ Entrust management of continuous connected/related transactions

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

In 2022, Shandong Energy Group shall pay the entrusted management fee of RMB430.30 million for 2022 to the Company.

Significant Events Chapter 07

The following table sets out the details of the annual transaction caps and actual transaction amounts for 2022 for the above continuing connected/related transactions:

No.	Type of connected/related transaction	Agreement	Annual Transaction Cap for the Year 2022 (RMB'000)	Annual Transaction Amount for the Year 2022 (RMB'000)
1	Material and facilities provided by Shandong Energy Group	Provision of Materials Supply Agreement	2,400,000	2,308,204
2	Labor and services provided by Shandong Energy Group	Mutual Provision of Labor and Services Agreement	3,139,000	2,124,196
	Labor and services provided to Shandong Energy Group		195,000	61,430
3	Insurance fund management and payment services provided by Shandong Energy Group (free of charge) for the Group's staff	Provision of Insurance Fund Administrative Services Agreement	847,000	362,988
4	Sale of products, material and equipment lease provided to Shandong Energy Group	Provision of Products, Material and Asset Leasing Agreement	7,620,000	3,467,402
5	Procurement of bulk commodities from Shandong Energy Group	Bulk Commodities Sales and Purchase Agreement	2,000,000	321,071
	Sale of bulk commodities to Shandong Energy Group		3,270,000	2,300,588
6	Financial services to Shandong Energy Group	Comprehensive Credit Financial service fee Financial Services Agreement	10,100,000 4,000	8,606,205 1,193
7	Provision of entrusted management services to Shandong Energy Group	Entrusted Management Agreement	3,000	0
8	Provide financial leasing services to Shandong Energy Group	Total financing amount Interest and expenses Financial Leasing Agreement	7,595,000 595,000	0 0
9	Operational and Maintenance services provided by Shandong Energy Group	ERP and Related System Operation and Maintenance Framework Agreement	50,000	47,169
10	Procurement of chemical raw coal from Shandong Energy Group	Chemical Raw Material Coal Purchase and Product Sales Agreement	600,000	558,495
	Sales of chemical products to Shandong Energy Group		400,000	18,732
	Provide chemical product agent sales services to Shandong Energy Group		5,000	691
11	Medical services received from Shandong Energy Groups	Medical Service Cooperation Framework Agreement	60,000	40,259
12	Entrusted management services provided to Shandong Energy Group	Framework Agreement on Entrusted Management Services	60,000	4,303

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

① Continuing connected/related transaction of coal sales

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

The 2022 annual cap for coal sales of the Group to Glencore and its subsidiaries was USD350 million. In 2022, this related/connected transaction amounted for approximately USD185 million.

② Continuing connected/related transaction of coal purchase

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

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

In 2022, this connected/related transaction occurred amounted to approximately USD1.556 billion.

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

The 2022 annual cap for coal purchase of the Group from Glencore and its subsidiaries under the Glencore Coal Purchase Agreement was USD250 million. In 2022, the connected transaction amount between the Group and Glencore was approximately USD79 million.

③ Continuing connected/related transaction of coal sales service

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

The 2022 maximum annual transaction amount for service purchase of the Group from Glencore was USD18 million. In 2022, this connected/related transaction involved approximately USD9.89 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.

As considered and approved by the 18th meeting of the eighth session of the Board of the Company on 1 December 2021, the annual cap of the continuing connected/related transaction between HVO and GAO from January to October 2022 on diesel fuel supply was AUD150 million on the premise of not changing the terms of the connected/related transaction agreements. As estimated by Yancoal Australia, the annual cap of the continuing connected/related transaction from November to December 2022 was AUD43 million.

In 2022, the amount of this connected/related transaction was approximately AUD177 million.

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(3) *Opinion of Independent Non-Executive Directors*

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

The independent non-executive directors of the Company confirmed the continuing connected/related transactions of the Group in 2022: ① Each transaction (i) is the ordinary business of the Group; (ii) is carried out on normal commercial terms, if the comparable transactions are not sufficient to determine whether the terms of such transactions are on normal commercial terms, the terms of such transactions are no less favourable to the Group than those available or provided by independent third parties; (iii) are conducted in accordance with the terms of the agreement in relation to the transaction, and the terms of the transaction are fair and reasonable, and in the interests of the Company's shareholders as a whole. ② The amount of connected/related transactions mentioned in the above "Execution of Connected/Related Transactions Related to Daily Operations" shall not exceed the annual cap of transaction amount approved by the independent shareholders and the Board.

(4) *Opinion of auditors*

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

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

3. *Undisclosed events in extraordinary announcements*

Not applicable.

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

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

Not applicable

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

(1) *Control the connected/related transaction of Shandong Energy Tower Shanghai Co., Ltd. by means of capital increase and share increase*

As considered and approved at the 23rd meeting of the eighth session of the Board on 30 June 2022, the Company was approved to sign the Capital Increase Agreement with Shandong Energy and Shandong Energy Building Shanghai Co., LTD, according to which the Company invested RMB861 million at the price of RMB2.87 per share to increase its capital in Shandong Energy Building Shanghai Co., Ltd., henceforth, the Company holds 75% of its equity, while Shandong Energy holds 25%.

As of the disclosure date of this report, the Company has completed the changes to the business registration information.

For details, please refer to the announcement of the resolution made at the 23rd meeting of the eighth session of the Board on 30 June 2022 and the announcement of connected/related transactions concerning the holding of 75% shares of Shandong Energy Tower Shanghai Co., LTD by means of capital increase and share increase, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal, Shanghai Securities News and Securities Times.

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

As considered and approved at the 2022 second Extraordinary General Meeting of Shareholders held on 28 October 2022, Yankuang Finance will merge with Shandong Energy Finance (the subsidiary of Shandong Energy) without any cost. After the merger and reorganization, Yankuang Finance shall be deregistered while Shandong Energy Finance will remain in existence, and the Company will become the controlling shareholder of the reorganized Shandong Energy Finance.

This merger and reorganization has been conducted to implement law and regulation-based operation under relevant supervision, which is conducive to expand business scale and improve economic benefits. It is in line with the interests of the Company and all the Shareholders and will not pose adverse affects on the current and future financial status and operating results of the Company.

As of the disclosure date of this report, the Company is going through reviewing procedures under Relevant Financial Regulators and is undergoing industrial and commercial registration changes.

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For details, please refer to the Announcement of the resolution made at the 24th meeting of the eighth session of the Board on 26 August 2022, the announcement of the related transaction regarding the proposed merger and reorganization of Yankuang Finance and Shandong Energy Finance, the announcement of the related transaction required to be disclosed by the Company dated 8 September 2022 and the announcement of the resolution of the 2022 second Extraordinary General Meeting on 28 October 2022, which were posted on the websites of the Shanghai Stock Exchange, the HKEX, the Company's website and/or China Securities Journal, Shanghai Securities News and Securities Times.

3. Matters not disclosed in extraordinary announcement

Not applicable.

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

Not applicable.

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

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

Not applicable.

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

Not applicable.

3. Events not disclosed in extraordinary announcements

Not applicable.

(IV) Credit and Debt Obligation Among Connected Parties

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

Not applicable.

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

Not applicable.

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	Controlling Shareholder	93.99	-5.44	88.55	296.95	-138.60	158.35
Glencore	Other related party	0	12.56	0	0	111.23	0
	Total	93.99	7.12	88.55	296.95	-27.37	158.35
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 connected financial company, the Company's holding financial company and the related party

1. Deposit Business

Unit: RMB100 million

Related Party	Relationship	Maximum Daily Deposit Limit	Deposit Interest Rate Range	Opening Balance	Current Period		Closing balance
					Total deposit amount for the current period	Total withdrawal amount for the current period	
Shandong Energy	Controlling Shareholder	/	0.30%-2.1%	246.87	4,544.58	4,680.15	111.30
Total	/	/	/	246.87	4,544.58	4,680.15	111.30

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2. Loan Business

Unit: RMB100 million

Related Party	Relationship	Loan Amount	Loan Interest Rate Range	Opening Balance	Current Period		Closing balance
					Total Loan amount for the current period	Total repayment amount for the current period	
Shandong Energy	Controlling Shareholder	85	3.5%-3.78%	82.5	71.64	80.7	73.44
Total	/	85	/	82.5	71.64	80.7	73.44

3. Credit Business or Other Financial Business

Unit: RMB100 million

Related Party	Relationship	Business Type	Total Amount	Actual Amount
Shandong Energy	Controlling Shareholder	Acceptance, letter of guarantee, commercial undertaking and discounting, business opening on behalf of others	16	12.62

4. Other Explanations

As of the end of the reporting period, the balance of cash deposit collected by Yankuang Finance Company for financial services provided by related parties was RMB85 million, and the margin portion was not counted in the credit amount.

Pursuant to the Guidance on Self-supervision for the Listed Companies No. 5—Transactions & Connected Transactions, the Company issued Risk Assessment Report on Financial Company, and the auditors of A shares issued Explanation on Connected Transactions of Deposit, Loans and Other Financial Business between Yankuang Energy and Yankuang Finance Company for the year 2022.

(VI) Others

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

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

XIII. MATERIAL CONTRACTS AND PERFORMANCE

(I) Trust, Contract or Lease

1. *Trust*

Not applicable.

2. *Contract*

Not applicable.

3. *Lease*

Not applicable.

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(II) Guarantees

Unit: RMB100 million

External guarantees of the Company(excluding guarantee to subsidiaries)															
Guarantor	Relationship between guarantor and the listed company	Guarantee	Amount	Date of guarantee (signed date)	Starting date of the guarantee	Maturity date of the guarantee	Type of guarantee	Collateral (if any)	Whether the guarantee has fulfilled	Overdue or not	Overdue amount	Related-party			
												Counter-guarantee	guarantee or not	Associated relationship	
/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/
Total guarantee of the Company during the reporting period (excluding guarantees to the subsidiaries)															0
Total guarantee balance by the end of the reporting period (A) (excluding guarantees to the subsidiaries)															0
Guarantees to subsidiaries by the Company and its subsidiaries															
Total amount of guarantee to subsidiaries during the reporting period															60.11
Total balance of guarantee to subsidiaries by the end of the reporting period (B)															208.19
Total amount of guarantee of the Company (including guarantees to the subsidiaries)															
Total amount of guarantees(A+B)															208.19
Percentage of total amount of guarantee in the net assets of the Company (%)															21.98
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)															134.39
Total amount of guarantee exceeding 50% of net assets (E)															0
Total amount of the above 3 categories guarantees (C+D+E)															134.39
Explanation on unexpired guarantee that may be subject to joint and several liability															No
Guarantee explanations															
1. The external guarantee occurred during the previous period and extended to the reporting period															

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees of RMB1.99 billion to Yankuang Financial Leasing Co., Ltd. As at 31 December 2022, the balance of the above guarantees was RMB566 million.

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As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees to Yancoal International Resources for issuing USD500 million corporate bonds. As at 31 December 2022, the balance of the above guarantee was USD500 million.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees of RMB1.38 billion to Rongxin Chemicals. As at 31 December 2022, the balance of the above guarantee was RMB1.083 billion.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees of RMB1.3 billion to Yulin Neng Hua. As at 31 December 2022, the balance of the above guarantee was RMB1.02 billion.

As reviewed and approved at the 2019 annual general meeting, the Company provided guarantees of RMB1 billion to Lunan Chemicals. As at 31 December 2022, the balance of the above guarantee was RMB970 million.

As reviewed and approved at the 2020 annual general meeting, the Company provided guarantees to Yancoal International Resources for issuing USD300 million corporate bonds. As at 31 December 2022, the balance of the above guarantee was USD300 million.

As reviewed and approved at the 2020 annual general meeting, the Company provided guarantees of RMB1 billion to Qingdao Zhongyan. As at 31 December 2022, the balance of the above guarantee was RMB1 billion.

As reviewed and approved at the 2020 annual general meeting, Inner Mongolia Mining provided guarantees of RMB1.205 billion to Ulanqab Hongda Industrial Co., LTD, and RMB556 million to Ordos Fengwei Photoelectric Co., LTD.

As at 31 December 2022, Yancoal Australia and its subsidiaries provided performance deposits and performance guarantee in an amount of AUD941 million to its subsidiaries for their daily operation.

As reviewed and approved at the 2021 first Extraordinary General Meeting of shareholders of the Company, Inner Mongolia Mining Group provided RMB135 million of guarantees to Inner Mongolia Jinlian Aluminum Profile Co., Ltd. Future Energy provided RMB334 million of guarantee to Shaanxi Jingshen Railway Co., Ltd and RMB12 million of guarantees to Shaanxi Future Cleaning Chemicals Co., Ltd.

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2. Guarantees arising during the reporting period

As approved at the 2020 annual general meeting of the Company, the Company provided to Yancoal International Resources, Qindao Vast Lucky International Trade Co., Ltd, Qingdao Zhongyan Co., Ltd, and Shandong Zhongyin International Trade Co., Ltd. guarantees of USD100 million, RMB756 million, RMB450 million, and RMB450 million during the reporting period.

As approved at the 2020 annual general meeting of the Company, Ordos Fengwei Optoelectronics Co., Ltd. provided guarantee of RMB489 million to Inner Mongolia Mining during the reporting period.

As approved at the 2021 annual general meeting of the Company, during the reporting period, the Company provided to Qingdao Vast Lucky International Trade Co., Ltd. guarantees of RMB900 million and to Qingdao Zhongyan Co., Ltd. guarantees of RMB440 million.

As approved at the 2021 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 AUD505 million due to operational necessity.

Note: The table above was prepared in accordance with the CASs and calculated at USD/RMB exchange rate of 6.9646 and AUD/RMB exchange rate of 4.7138.

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

(III) Entrusted Cash and Assets Management

1. *Entrusted wealth management*

(1) *General information on entrusted wealth management*

Not applicable.

Other information

Not applicable.

(2) *Specific entrusted wealth management*

Not applicable.

Other information

Not applicable.

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

Not applicable.

2. *Entrusted Loan*

(1) *General information on entrusted loan*

Not applicable.

Other information

Not applicable.

(2) *Specific entrusted loan*

Not applicable.

Other information

Not applicable.

(3) *Provision for impairment of the entrusted loan*

Not applicable.

3. *Other information*

Not applicable.

(IV) **Other Major Contract**

Not applicable.

Chapter 07 Significant Events

(V) Other major events

(1) Adjustment of Company Organization

As reviewed and approved by the General Manager's work meeting held on 21 February 2022, the Company established Yankuang Railway Logistics Co., Ltd. with a registered capital of RMB1.5 billion, mainly for public railway transportation, railway locomotive maintenance, railway locomotive accessories sales and other businesses.

As reviewed and approved at the 22nd meeting of the eighth session of the Board on 29 April 2022, the Company established the Park Construction Management Center of Yankuang Energy Group Company Limited.

As reviewed and approved at the 24th meeting of the eighth session of the Board on 26 August 2022, the Company canceled the Ecological Restoration Office, and its functions and personnel were reassigned to the Office For Mine Area Relocation Office.

For details, please refer to the Company's announcement on the resolutions of the twenty-second meeting of the eighth session of the Board dated 29 April 2022 and the Company's announcement on the resolutions of the twenty-fourth meeting of the eighth session of the Board dated 26 August 2022. Such information was published on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange, the Company's website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

(2) The appointment of co-secretary of the Company in Hong Kong

On 25 February 2022, Ms. Leung Wing Han Sharon resigned as the co-secretary of the Company. As reviewed and approved at the 21st meeting of the eighth session of the Board on 30 March 2022, the Company appointed Mr. Wong Wai Chiu as the co-secretary of the Company in Hong Kong.

For details, please refer to the Company's announcement on the change of co-secretary and authorized representative dated 25 February 2022 and the Company's announcement on the resolutions of the 21th meeting of the eighth session of the Board dated 30 March 2022. Such information was available on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange, the Company's website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

(3) Payment of consumption tax of Future Energy

During the reporting period, Future Energy received a notice from the Second Sub-bureau of Yuyang District Taxation Bureau of Yulin City that required the payment of consumption tax of the crude liquid wax and other products produced by the indirect coal liquefaction project from December 2021. As of the disclosure date of this report, Future Energy paid a total of RMB1.448 billion in consumption tax, related taxes and surcharges from December 2021 to December 2022, as required by the notice.

According to relevant tax laws and regulations, it is not clear whether the consumption tax will continue to be applicable to the products of Future Energy. The Company is in close communication to confirm the applicability of the consumption tax in the future. According to the tax notice received, the collection of consumption tax will not constitute a major impact on the corporate operations.

To maximize profits, Future Energy has taken measures to optimize production processes. Crude liquid wax and stable light hydrocarbons are no longer produced, but chemical products such as diesel oil and naphtha are produced.

(4) Issuance of H-share convertible bonds to increase shareholding in Yancoal Australia

As reviewed and approved at the twenty-first meeting of the eighth session of the Board on 30 March 2022, on the premise of meeting the requirements of applicable domestic and overseas laws and regulations and listing regulatory requirements, given that the preconditions are met or exempted, the Company intends to issue H-share convertible bonds as payment of consideration so as to increase its shareholding in Yancoal Australia (“this transaction”) under the acquisition structure stipulated by domestic and overseas laws and regulations and the Hong Kong Code on Acquisition and Mergers (the “M&A Code”). In September 2022, the Company terminated this transaction.

For details, please refer to the Company’s announcement dated 25 May 2022 on the acquisition of equity shares in Yancoal Australia through the issuance of H-share convertible bonds, and the updated announcement pursuant to Rule 3.7 of the M&A Code dated 7 July 2022, and clarification announcement of performance growth forecast in the first half of 2022 dated on 18 July 2022 and the updated announcement pursuant to Rule 3.7 of the M&A Code dated 8 August 2022 and the announcement dated 8 September 2022 on the termination of equity shares acquisition in Yancoal Australia through the issuance of H-shares convertible bonds. Such information was published on the website of the Shanghai Stock Exchange, the website of the Hong Kong Stock Exchange, the Company’s website and/or China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily.

(5) Re-election of the Board of Directors and the Supervisory Committee

With the discussion and deliberation at the 37th meeting of the eighth session of the Board on 24 March 2023, the Company nominated Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun, and Mr. Huang Xiaolong as non-independent director candidates for the ninth session of the Board, and nominated Mr. Zhu Limin, Mr. Peng Suping, Mr. Hu Jiadong, and Ms. Zhu Rui as independent director candidates of the ninth session of the Board.

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With the discussion and deliberation at the 18th meeting of the eighth session of the Supervisory Committee on 24 March 2023, the Company nominated Mr. Li Shipeng and Mr. Zhu Hao as candidates for non-employee representative supervisors of the ninth session of the Supervisory Committee.

The above-mentioned re-election matters of the Board and the Supervisory Committee still need to be submitted to the Company's General Meeting of Shareholders for consideration and approval.

For details, please refer to the Announcement on the Resolutions of the 27th Meeting of the Eighth Session of the Board, Announcement of Resolutions of the 18th meeting of the eighth session of the Supervisory Committee, and Proposal to Change the Chairman and Supervisors dated 24 March 2023. Such information is published on the website of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company's website and/or "China Securities", "Shanghai Securities News" and "Securities Times" in China.

XIV. 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 2021 annual general meeting of the Company held on 30 June 2022, 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 2021 annual general meeting, the 2022 second class meeting of the holders of H Shares and the 2022 second class meeting of the holders of A Shares were convened by the Company on 30 June 2022, and a general mandate was granted to the Board to repurchase H Shares of the Company not exceeding 10% of the share capital of H Shares of the Company in issue as at the date of passing the resolution during the mandate period under the approval of relevant regulatory institutions and in compliance with relevant laws, administrative regulations and the requirements of the Articles of the Company as well as actual needs and market conditions.

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

(II) Remuneration Policy

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

(III) Auditor

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

Chapter 08

Changes in Shares and Shareholders

I. CHANGES IN SHARES CAPITAL

(I) Table of Changes in Shares

1. Table of changes in shares

Unit: Share(s)

	Before change		Increase/Decrease (+,-)		After change	
	Shares	Percentage (%)	Others	Sub-total	Shares	Percentage (%)
I Listed shares with trading moratorium	0	0	61,740,000	61,740,000	61,740,000	1.25
1. State shareholding	0	0	0	0	0	0
2. State-owned legal person shareholding	0	0	0	0	0	0
3. Other domestic shareholding	0	0	61,740,000	61,740,000	61,740,000	1.25
Including: Domestic shareholding by						
non-state-owned legal person	0	0	0	0	0	0
Domestic natural person shareholding	0	0	61,740,000	61,740,000	61,740,000	1.25
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	4,874,184,060	100	12,779,580	12,779,580	4,886,963,640	98.75
1. A Shares	2,974,184,060	61.02	12,779,580	12,779,580	2,986,963,640	60.36
2. Foreign shares domestically-listed	0	0	0	0	0	0
3. Foreign shares listed overseas	1,900,000,000	38.98	0	0	1,900,000,000	38.39
4. Others	0	0	0	0	0	0
III. Total share capital	4,874,184,060	100	74,519,580	74,519,580	4,948,703,640	100

Notes:

- ① During the reporting period, the Company completed the grant registration of the Restricted A Share Incentive Scheme for 2021 and granted 61,740,000 restricted shares to the participants successfully. A total of 12,779,580 shares were exercised during the second option exercising period under the Company's 2018 A Share Incentive Scheme and the total share capital of the Company increased to 4,948,703,640 shares.
- ② According to the Issuer's Share Capital Structure issued by China Securities Depository and Clearing Co., Ltd., as at the disclosure date of this report, the A share capital of the Company was 3,048,703,640 shares, including 61,740,000 restricted shares and 2,986,963,640 shares without trading moratorium.

Chapter 08 Changes in Shares and Shareholders

2. *Explanation on changes in shares*

As reviewed and approved at the 20th meeting of the eighth session of the Board of the Company held on 27 January 2022, the granting conditions for the Company's Restricted Scheme Incentive Plan have been fulfilled. By the end of the report, the Company has successfully granted 61,740,000 restricted shares to incentive participants. As reviewed and approved at the 20th meeting of the eighth session of the Board of the Company held on 27 January 2022, it was confirmed that the exercisable conditions for the second exercise schedule of the Company's 2018 A Share Option Incentive Scheme have been fulfilled. By the end of the reporting period, all the exercisable stock options of the second exercise schedule, a total amount of 12,779,580 shares, have been exercised. The increase in the total share capital of the Company from 4,874,184,060 shares to 4,948,703,640 shares had no significant impact on the financial indicators of the recent year and the recent reporting period.

For details, please see the announcement on granting restricted stock to the incentive recipients by the Company on 27 January 2022, the announcement on exercisable conditions of the second exercising period and on the result of restricted stock granting on 25 February 2022, as well as the announcement on the result of the independent exercise on 1 April 2022 and 29 April 2022, which were posted on the websites of Shanghai Stock Exchange, the HKEX, the Company and/or China Securities Journal and Shanghai Securities News, Securities Times and Securities Daily.

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

During the reporting period, the total share capital of the Company increased from 4,874,184,060 shares to 4,948,703,640 shares, which have no significant impact on the financial indicators of the previous year and the recent reporting period.

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

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

Changes in Shares and Shareholders Chapter 08

(II) Changes in Shares with Restricted Moratorium

Unit: share

Name of shareholders	Number of shares with trading moratorium at the beginning of the year	Number of shares free from trading moratorium during the reporting period	Number of shares increased during the reporting period	Number of shares with trading moratorium at the end of the reporting period	Reasons for trading moratorium	Date on which the shares are free from trading moratorium
1,245 participants of restricted stock incentive	0	0	20,374,200	20,374,200	Stock incentive	For details, please refer to the relevant contents of "stock incentive" in "Chapter 5 Corporate Governance".
1,245 participants of restricted stock incentive	0	0	20,374,200	20,374,200	Stock incentive	
1,245 participants of restricted stock incentive	0	0	20,991,600	20,991,600	Stock incentive	
Total	0	0	61,740,000	61,740,000	/	/

II. SECURITIES ISSUANCE AND LISTING

(I) Securities Issuance as at the end of the Reporting Period

Unit: share

Type of stock and its related derivative securities	Date of placement	Issuing price (or interest rate)	Amount of placement	Date of listing	Approved listed tradable amount	Date of trade termination
Ordinary shares						
Shares without trading moratorium	24 February 2022 to 29 April 2022	RMB6.52/share	12,779,580	-	12,779,580	-
Shares with trading moratorium	24 February 2022	RMB11.72/share	61,740,000	-	-	-
Bonds including corporate bonds, corporation bonds and debt financing of non-financial enterprises						
Medium-term bills	18 May 2022	3.28%	RMB2.5 billion	20 May 2022	RMB2.5 billion	20 May 2025
Medium-term bills	18 May 2022	3.71%	RMB500 million	20 May 2022	RMB500 million	20 May 2027
Medium-term bills	8 June 2022	3.30%	RMB2 billion	10 June 2022	RMB2 billion	10 June 2025

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

Chapter 08 Changes in Shares and Shareholders

Ordinary shares:

During the reporting period, the Company completed the grant registration of the Restricted A Share Incentive Scheme for 2021 and granted 61,740,000 restricted shares to the participants successfully. A total of 12,779,580 shares were exercised during the second option exercising period under the Company's 2018 A Share Incentive Scheme and the total share capital of the Company increased from 4,874,184,060 shares at the beginning of year 2022 to 4,948,703,640 shares.

Bonds including corporate bonds, corporation bonds and debt financing of non-financial enterprises

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

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

During the reporting period, the total ordinary shares of the Company increased from 4,874,184,060 shares to 4,948,703,640 shares, which has no significant impact on the structure of asset and liability of the Company.

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

Not applicable.

III. SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Total Number of the Shareholders

Total number of ordinary shareholders as at 31 December 2022	64,668
Total number of ordinary shareholders at the end of last month prior to the disclosure date of this annual report	81,447
Total number of preferred shareholders with resumed voting right by the end of the reporting period	0
Total number of preferred shareholders with resumed voting right at the end of last month prior to the disclosure date of this annual report	0

Changes in Shares and Shareholders Chapter 08

(II) Top Ten Shareholders and Top Ten Shareholders Holding Tradable Shares of the Company which are not Subject to Trading Moratorium (as at 31 December 2022)

Unit: share(s)

Name of shareholders (full name)	Increase/ decrease during the reporting period	Shareholdings of the top ten Shareholders			Number of pledged, marked or locked shares		Nature of Shareholders
		Number of shares held at the end of the Reporting Period	Percentage holding of the total share capital (%)	Number of shares held subject to trading moratorium	Status of shares	Number of shares	
Shandong Energy Group Co., Ltd.	-5,722,815	2,257,324,473	45.61	0	Pledged	114,277,185	State-owned legal person
Hong Kong Securities Clearing Company (Nominees) Limited	-155,247	1,897,384,206	38.34	0	Unknown	-	Overseas legal person
Hong Kong Securities Clearing Company Limited	38,773,273	99,623,011	2.01	0	No	0	Overseas legal person
China Construction Bank Limited- Yinhua Fuyu Theme Hybrid Securities Investment Fund	20,000,078	20,000,078	0.40	0	No	0	Others
National Social Security Fund 117 Portfolio	14,408,844	15,408,844	0.31	0	No	0	Others
National Social Security Fund 416 Portfolio	13,461,201	13,461,201	0.27	0	No	0	Others
China Merchants Bank Co., Ltd.- Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	-21,569,990	12,939,324	0.26	0	No	0	Others
China Merchants Securities Co. Ltd.- CCB Small and Medium Cap Pioneer Equity Securities Investment Fund	1,860,167	10,702,267	0.22	0	No	0	Others
China Universal Asset Management Co., Ltd.-Social Security Fund 16032 Portfolio	10,053,048	10,053,048	0.20	0	No	0	Others
Industrial and Commercial Bank of China Co., Ltd.-Guotai Zhongzheng Coal Tradable Open Index Securities Investment Fund	2,483,799	9,893,858	0.20	0	No	0	Others

Chapter 08 Changes in Shares and Shareholders

Top ten Shareholders holding tradable shares not subject to trading moratorium

Name of Shareholders (full name)	Number of tradable shares held not subject to trading moratorium	Class and number of shares held	
		Class of shares	Number of shares
Shandong Energy Group Co., Ltd.	2,257,324,473	A Shares	2,257,324,473
Hong Kong Securities Clearing Company (Nominees) Limited	1,897,384,206	H Shares	1,897,384,206
Hong Kong Securities Clearing Company Limited	99,623,011	A Shares	99,623,011
China Construction Bank Limited-Yinhua Fuyu Theme Hybrid Securities Investment Fund	20,000,078	A Shares	20,000,078
National Social Security Fund 117 Portfolio	15,408,844	A Shares	15,408,844
National Social Security Fund 416 Portfolio	13,461,201	A Shares	13,461,201
China Merchants Bank Co., Ltd.-Shanghai Stock Exchange Dividend Tradable Open Index Securities Investment Fund	12,939,324	A Shares	12,939,324
China Merchants Securities Co. Ltd.-CCB Small and Medium Cap Pioneer Equity Securities Investment Fund	10,702,267	A Shares	10,702,267
China Universal Asset Management Co, Ltd.-Social Security Fund 16032 Portfolio	10,053,048	A Shares	10,053,048
Industrial and Commercial Bank of China Co., Ltd.-Guotai Zhongzheng Coal Tradable Open Index Securities Investment Fund	9,893,858	A Shares	9,893,858
Explanations on repurchase of special shares by the top 10 shareholders	Not applicable.		
Explanations on voting proxy, entrusted voting and abstention by the above shareholders	Not applicable.		
Connected relationship or concerted-party relationship among the above Shareholders	Yankuang Group (Hong Kong) Company Limited, a wholly-owned subsidiary of Shandong Energy Group (“Yankuang Hong Kong”) held 455 million H Shares of the Company through Hong Kong Securities Clearing Company (Nominees) Limited. Apart from the disclosure above, it is unknown whether other shareholders are connected with one another or whether any of these shareholders fall within the meaning of parties acting in concert.		
Illustration of preferred shareholders with resumed voting rights and the number of shares held by them	Not applicable.		

Notes:

- ① All the information above, including “Total number of Shareholders” and “The top ten Shareholders and the top ten Shareholders holding tradable shares of the Company which are not subject to trading moratorium at the end of the Reporting Period”, is prepared in accordance with the registers of the Shareholders provided by the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. and Hong Kong Securities Registration Co., Ltd.
- ② As the clearing and settlement agent for the Company’s H Shares, Hong Kong Securities Clearing Company (Nominees) Limited holds the Company’s H Shares in the capacity of a nominee. Hong Kong Securities Clearing Company Limited is the nominal holder of the Company’s Shanghai Stock connected shares.
- ③ As at 31 December 2022, Shandong Energy Group held a total of 2,257,324,473 A Shares of the Company, of which, 2,143,047,288 shares held through its own account, 114,277,185 shares through exchangeable corporate bond in special pledged account, 454,989,000 H Shares through Yankuang Hong Kong. Shandong Energy directly and indirectly holds 2,712,313,473 shares, accounting 54.81% shares of the Company.
- ④ In April 2022, Shandong Energy transferred its 120,000,000 A Shares held by itself to the pledge account opened by the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. to provide guarantee for the non-public exchangeable corporate bonds (Phrase I) (“Shandong Energy exchangeable corporate bonds”) to professional investors issued by Shandong Energy.

On 25 October 2022, Shandong Energy exchangeable corporate bonds can be subject to exchangeable period. As at 20 March 2023, 5,722,815 shares was cumulatively exchanged. The remaining number of shares pledged by Shandong Energy accounts for 4.21% of the shares it holds in the Company, accounting for 2.31% of the total issued shares of the Company.

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

Not applicable.

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

Not applicable.

Chapter 08 Changes in Shares and Shareholders

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

As far as the Directors are aware, save as disclosed below, as at 31 December 2022, other than the Directors, Supervisors or chief executives of the Company, there were no other persons who were substantial shareholders of the Company or had interests or short positions in the shares or underlying shares of the Company, which should (i) be disclosed pursuant to Sections 2 and 3 under Part XV of the Securities and Futures Ordinance (“SFO”); (ii) be recorded in the register to be kept pursuant to Section 336 of the SFO; or (iii) notify the Company and the Hong Kong Stock Exchange in other ways.

Name of Substantial Shareholders	Class of Shares	Capacity	Number of Shares Held (shares)	Nature of Interest	Percentage in the H Share Capital of the Company	Percentage in Total Share Capital of the Company
Shandong Energy	A Shares (State-owned	Beneficial owner	2,257,324,473	Long position	-	45.61%
	legal person shares)		114,277,185	Short position	-	2.31%
Shandong Energy ^①	H Shares	Interest of controlled corporations	454,989,000	Long position	23.95%	9.19%
BNP Paribas Investment Partners SA	H Shares	Investment manager	117,641,207	Long position	6.19%	2.38%

Notes:

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

IV. CONTROLLED SHAREHOLDERS AND ACTUAL CONTROLLER

(I) Controlled Shareholders

1. Legal person

Name	Shandong Energy Group Co., Ltd.
Person in charge or legal representative	Li Wei
Date of establishment	12 March 1996
Main business	Mining, electric power, high-end chemicals, high-end equipment manufacturing, new energy and new materials, modern logistics and trade, etc.
Controlling shares or participating shares held by Shandong Energy Group of other companies listed at home and abroad	Please see the table below.
Other explanations	At 31 December 2022, Shandong Energy Group held 2,257,000,000 A Shares of the Company, Yankuang Hong Kong held 455,000,000 H Shares of the Company, Shandong Energy Group and Yankuang Hong Kong totally held 2,712,000,000 shares of the Company, representing 54.81% of the total share capital of the Company.

Chapter 08 Changes in Shares and Shareholders

As at 31 December 2022, the other domestic and overseas listed companies controlled or held in participating shares by Shandong Energy Group is as follows:

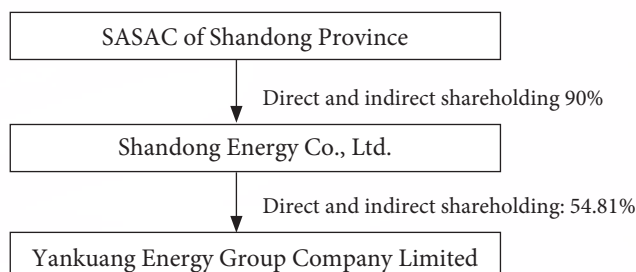
No.	Abbreviation of the Listed Company	Stock Exchange	Stock Code	Number of Shares Held (10'000 shares)	Percentage of Shares Held (%)
1	Yunding Technology	Shenzhen Stock Exchange	000409.SZ	23,864	35.93
2	Shandong Fiberglass	Shanghai Stock Exchange	605006.SH	31,644	52.74
3	Qixiang Tengda	Shenzhen Stock Exchange	002408.SZ	130,521	45.91
4	Windsun Science & Technology	Shanghai Stock Exchange	688663.SH	5,353	38.25
5	Zhongtai Securities	Shanghai Stock Exchange	600918.SH	251,508	36.09
6	Shinva Medical Instrument	Shanghai Stock Exchange	600587.SH	11,695	28.39
7	IVD Medical	Hong Kong Stock Exchange	01931.HK	44,365	32.75
8	Rizhao Port	Shanghai Stock Exchange	600017.SH	17,824	5.80
9	Rizhao Port JR	Hong Kong Stock Exchange	06117.HK	5,000	3.01
10	Guizhou Panjiang Refined Coal	Shanghai Stock Exchange	600395.SH	9,078	4.23
11	Qilu Express	Hong Kong Stock Exchange	01576.HK	4,089	2.04
12	Guotai Junan Securities	Shanghai Stock Exchange	601211.SH	4,718	0.53

(II) Actual Controller

1. Name of actual controller

State-owned Assets Supervision and Administration Commission of Shandong Province (SASAC of Shandong Province)

2. Diagram of equity and relationship of control between the Company and the actual controller (as at 31 December 2022)



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

Not applicable.

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

Not applicable.

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

Not applicable.

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

As at 31 December 2022, the HKSCC (Nominees) Limited holds 1,897,384,206 H Shares on behalf of its several clients, representing 38.34% over the total share capital of the Company. The HKSCC (Nominees) Limited is a member of Hong Kong central clearing and settlement system, providing customers with security registration and custody business.

VII. EXPLANATION ON RESTRICTION OF SELLDOWN SHAREHOLDING

Not applicable.

VIII. IMPLEMENTATION OF SHARES REPURCHASE

Not applicable.

Chapter 09

Corporate Bonds

(According to Chinese Accounting Standards)

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

(I) Enterprise Bonds

Not applicable.

(II) Corporate Bonds

1. Basic information of corporate bonds

Unit: RMB100 million

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

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

Notes:

- ① 2020 Corporate Bond (second tranche) (class 1) is a 15-year-fixed interest rate bond and every three interest bearing years are regarded as one term. At the end of each term, the Company has the right to choose to adjust the coupon rate for the later maturity of the current bond and the investors have the right to sell the bond back to the Company at the end of each term.
- ② 2020 Corporate Bond (second tranche) (class 2) is a 10-year-fixed interest rate bond. At the end of the fifth interest-bearing year, the Company has the right to choose to adjust the coupon rate for the later maturity of the current bond and the investors have the right to sell the bond back to the Company.
- ③ For 2021 Renewable Corporate Bond (first tranche) (class 1), every two interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by two years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.

Chapter 09 Corporate Bonds

- ④ For 2021 Renewable Corporate Bond (first tranche) (class 2), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.
- ⑤ For 2021 Renewable Corporate Bond (second tranche), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond placing by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.

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

Not applicable.

Overdue debts

Not applicable.

Principal and interest payment of bonds during the reporting period

<u>Name of bond</u>	<u>Explanations on principal and interest payment</u>
2012 Corporate Bond (first tranche)	All principals and interests have been repaid in due course and no default occurs.
2012 Corporate Bond (second tranche)	All interests have been repaid in due course and no default occurs.
2020 Corporate Bond (first tranche)	All interests have been repaid in due course and no default occurs.
2020 Corporate Bond (second tranche)	All interests have been repaid in due course and no default occurs.
2021 Corporate Bond (first tranche)	All interests have been repaid in due course and no default occurs.
2021 Renewable Corporate Bond (first tranche)	All interests have been repaid in due course and no default occurs.
2021 Renewable Corporate Bond (second tranche)	All interests have been repaid in due course and no default occurs.

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

Not applicable.

3. *Agents for bonds issuance and continuing business services*

Name of agents	Office address	Contact person	Tel
Bank of China International (China) Securities Co. Ltd.	39th Floor Zhongyin Mansion 200 Yincheng Zhong Road, Pudong New Area, Shanghai	He Yinhui	021-20328556
Haitong Securities Co., Ltd.	689 Guangdong Road, Shanghai	Chen Yangyang, Geng Yun	010-88027267
China Securities Co. Ltd.	2nd Floor B Building Kajheng Center 2 Chao Inner Street, Dongcheng District, Beijing	Yu Lei, Liu Zuosheng, Hu Zhaobin, Wang Xiang, Yu Lichao	010-65608349
Dagong Global Credit Rating Co., Ltd.	3/F Building A, Waiwen Mansion, 89 Xisanhuanbei Road, Haidian District, Beijing	Jia Yuehua	010-67413364
GOLDEN Credit Rating Co., Ltd.	11-12/F, the South Wing of Building 1, No.3 Chaowaixi Avenue, Chaoyang District, Beijing	Cao Peng	0571-87858258

Changes of the above agents

Not applicable.

Chapter 09 Corporate Bonds

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

Unit: RMB100 million

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

Progress of construction projects and operational benefits of proceeds

Not applicable.

Explanation on changes of the use of proceeds by the above-mentioned bonds during the reporting period

Not applicable.

Other explanation

Not applicable.

5. Adjustments on credit rating results

Not applicable.

Other explanation

Not applicable.

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

The guarantees, debt repayment plan and other solvency supporting measures are in consistence with the prospectus without changes in the reporting period.

7. *Explanations on other conditions of corporate bonds*

Not applicable.

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

1. *Basic Information of Non-Financial Enterprise Debt Financing Instruments*

Unit: RMB100 million

Name	Abbreviation	Code	Issue date	Interest starting date	Maturity date	Balance	Interest rate (%)	Way to repay principal and interest	Trade place	Appropriate arrangement of the investors (if any)	Trade mechanism	Whether there is risk of listing termination
2021 Medium Term Note (first tranche)	21 Yanzhou Coal MTN001	102101379	22 July 2021	26 July 2021	26 July 2026	20	3.80	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Inter-bank bond market	The institutional investors from the inter bank bond market	Circulation and transfer at the national inter bank bond market	No
2021 Medium Term Note (second Tranche) ^①	21 Yanzhou Coal MTN002	102103102	24 November 2021	26 November 2021	26 November 2024	10	3.67	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Inter bank bond market	The institutional investors from the inter bank bond market	Circulation and transfer at the national inter bank bond market	No
2022 Medium Term Note (first Tranche) (class 1) ^②	22 Yankuang Energy MTN001A	102281098	18 May 2022	20 May 2022	20 May 2025	25	3.28	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Inter bank bond market	The institutional investors from the inter bank bond market	Circulation and transfer at the national inter bank bond market	No
2022 Medium Term Note (first Tranche) (class 2) ^③	22 Yankuang Energy MTN001B	102281099	18 May 2022	20 May 2022	20 May 2027	5	3.71	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Inter bank bond market	The institutional investors from the inter bank bond market	Circulation and transfer at the national inter bank bond market	No
2022 Medium Term Note (second Tranche) ^④	22 Yankuang Energy MTN002	102281229	8 June 2022	10 June 2022	10 June 2025	20	3.30	Interest paid once a year, the entire principal repaid at one time at maturity, the final interest paid together with the principal.	Interbank bond market	The institutional investors from the inter bank bond market	Circulation and transfer at the national inter bank bond market	No

Chapter 09 Corporate Bonds

Notes:

- ① For 2021 Medium Term note 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 by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.
- ② For 2022 Medium Term note of Yanzhou Coal (first tranche) (class 1), every three interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.
- ③ For 2022 Medium Term note of Yanzhou Coal (first tranche) (class 2), every five interest-bearing years are regarded as one term. At the end of each term, the Company has the right to choose to extend the term of the current bond by one term (that is, by five years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.
- ④ For 2022 Medium Term note of 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 by one term (that is, by three years) or to repay the principal and interest of the current bond due at maturity in full at the end of the term.

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

Not applicable.

Overdue debt

Not applicable.

Principal and interest payment of bonds during the reporting period

Name of bond	Explanations on principal and interest payment
2021 Medium Term Note (first tranche)	All interests have been repaid in due course and no default occurs.
2021 Medium Term Note (second tranche)	All interests have been repaid in due course and no default occurs.
2021 Super-short Financing bond (third tranche)	All principals and interests have been repaid in due course and no default occurs.

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

Not applicable.

3. *Agents for bonds issuance and continuing business services*

Name of agents	Office address	Contact person	Tel
Industrial Bank Co., Ltd.	398 Jiangbin Central Avenue Taijiang District Fuzhou City, Fujian Province	Liu Chunhua	0537-3295720
China Merchants Bank Co. Ltd.	7088 Shennan Roadway Futian District Shenzhen City, Guangdong Province	Xu Yiming	0531-55663204
China Lianhe Credit Rating Co., Ltd.	17/F No. 2 Building, Yard 2, Jianwai Street Chaoyang District, Beijing	Huang Ye	010-85679696

Changes of the above agents

Not applicable.

Use of proceeds by the end of the reporting period

Unit: 100 million

Name of bonds	Aggregate amount of proceeds	Used amount	Unused amount	Special accounts operation of proceeds (if any)	Rectification of illegal use of proceeds (if any)	Whether it is consistent with the purpose, use plan and other provisions set in the prospectus
2021 Medium Term Bond (first tranche)	20	20	0	-	-	Yes
2021 Medium Term Bond (second tranche)	20	20	0	-	-	Yes
2022 Medium Term Bond (first tranche) (class 1)	25	25	0	-	-	Yes
2022 Medium Term Bond (first tranche) (class 2)	5	5	0	-	-	Yes
2022 Medium Term Bond (second tranche)	20	20	0	-	-	Yes

Chapter 09 Corporate Bonds

Progress of construction projects and operational benefits of proceeds

Not applicable.

Explanation on changes of the use of proceeds by the above-mentioned bonds during the reporting period

Not applicable.

Other explanation

Not applicable.

4. *Adjustments on credit rating results*

Not applicable.

Other explanation

Not applicable.

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

Not applicable.

6. *Explanations on other conditions of non-financial enterprise debt financing instruments*

Not applicable.

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

Not applicable.

(V) Interest-Bearing Debt Overdue Excluding Bonds by the end the Reporting Period

Not applicable.

(VI) the Impact on the Rights and Interest of Bonds Investor due to Violation of Laws and Regulations, the Company's Articles of Association, Information Disclosure System as well as Provisions or Commitments in the Prospectus of Bond Offerings During the Reporting Period

Not applicable.

(VII) Accounting Data and Financial Indicators for the Two Years Preceding the end of the Reporting Period

Unit: RMB0'000

Major Indicators	Year 2022	Year 2021	Increase/decrease compared with the same period last year (%)
Net profit attributable to listed company after deduction of non-recurring gains and losses	3,046,565	1,621,190	87.92
Current ratio	1.07	0.94	14.03
Liquidity Ratio	0.90	0.79	13.54
Debt-to-Assets ratio (%)	56.70	66.58	Down by 9.88 percentage points
Total Debt to EBITDA ratio	1.08	2.79	-61.26
Interest coverage ratio	10.05	5.52	82.11
Cash interest coverage ratio	10.81	7.36	46.82
EBITDA interest coverage ratio	12.57	7.28	72.80
Loan repayment ratio (%)	100	100	-
Interest coverage ratio (%)	100	100	-

II. CONVERTIBLE CORPORATE BOND

Not applicable.

Chapter 10

Independent Auditor's Report



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House, 311 Gloucester Road
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

TO THE SHAREHOLDERS OF YANKUANG ENERGY GROUP COMPANY LIMITED
(A joint stock company with limited liability established in the People's Republic of China)

OPINION

We have audited the consolidated financial statements of Yankuang Energy Group Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 193 to 334, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Chapter 10

Independent Auditor's Report

IMPAIRMENT OF INTANGIBLE ASSETS

Refer to note 22 to the consolidated financial statements.

The key audit matter

We have identified the impairment of intangible assets as a key audit matter because of its significance to the consolidated financial statements and the Group's assessment of impairment of intangible assets is a judgemental process which requires estimates concerning the forecast future cash flows associated with the assets in determining the recoverable amount.

The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and inputs to the valuation model may result in significant financial impact.

How the matter was addressed in our audit

Our procedures were designed to evaluate the management's impairment assessment process and to challenge the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information and internal forecasts, together with market and other externally available information and sensitivity analysis.

We have also considered the overall reasonableness of the forecast future cash flows associated with the intangible assets.

Besides, we have also challenged the possible changes in these key assumptions.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Refer to note 23 to the consolidated financial statements.

The key audit matter

We have identified the impairment of property, plant and equipment as a key audit matter because of its significance to the consolidated financial statements of the Group and the Group's assessment of impairment of property, plant and equipment is a judgemental process which requires estimates concerning the forecast future cash flows associated with the assets in determining the recoverable amount.

The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to the valuation model may result in significant financial impact.

How the matter was addressed in our audit

Our procedures were designed to evaluate management's impairment assessment process and to challenge the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information and internal forecasts, together with market and other externally available information and sensitivity analysis.

We have also considered the overall reasonableness of the forecast future cash flows associated with the property, plant and equipment.

Besides, we have also challenged the possible changes in these key assumptions.

Chapter 10

Independent Auditor's Report

IMPAIRMENT ASSESSMENT ON GOODWILL

Refer to note 27 to the consolidated financial statements.

The key audit matter

We have identified the impairment of goodwill as a key audit matter because of its significance to the consolidated financial statements and the Group's assessment of impairment of goodwill is a judgemental process which requires estimates concerning forecast future cash flows expected to arise from cash-generating unit and an appropriate discount rate in order to derive the value in use.

The selection of valuation model, adoption of key assumptions and input data may be subject to management bias and changes in these assumptions and input to the valuation model may result in significant financial impact.

How the matter was addressed in our audit

Our procedures were designed to evaluate management's impairment assessment process and challenge the reasonableness of the selection of valuation model, adoption of key assumptions and input data by reference to the historical information and internal forecasts, together with other externally available information and sensitivity analysis.

We have also considered the overall reasonableness of the forecast future cash flows associated with the cash-generating unit.

Besides, we have also considered the potential impact of reasonably possible changes in these key assumptions.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Chapter 10

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Chapter 10

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lau Kai Wong.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lau Kai Wong

Practising Certificate Number: P06623

Hong Kong

24 March 2023

Chapter 11

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Gross sales of coal	7	125,843,528	83,796,609
Railway transportation service income		393,440	337,560
Gross sales of electricity and heat supply		3,479,977	2,699,299
Gross sales of equipment manufacturing		611,824	380,133
Gross sales of chemical products		24,272,736	21,402,046
Total revenue		154,601,505	108,615,647
Transportation costs		(4,286,983)	(3,367,180)
Cost of sales and services provided	8	(51,717,679)	(47,320,582)
Cost of electricity and heat supply		(3,216,221)	(2,798,402)
Cost of equipment manufacturing		(508,508)	(309,314)
Cost of chemical products		(21,085,456)	(14,885,010)
Total cost of sales		(80,814,847)	(68,680,488)
Gross profit		73,786,658	39,935,159
Selling, general and administrative expenses	9	(19,718,226)	(15,115,462)
Share of results of associates		1,495,300	1,810,546
Share of results of joint ventures		613,508	257,580
Other income and gains	10	3,494,213	2,720,320
Finance costs	11	(5,983,260)	(5,319,334)
Profit before tax	13	53,688,193	24,288,809
Income tax expenses	12	(14,601,982)	(5,469,609)
Profit for the year		39,086,211	18,819,200
Attributable to:			
Equity holders of the Company		30,407,538	16,941,435
Owners of perpetual capital securities	43	461,944	178,664
Non-controlling interests		8,216,729	1,699,101
		39,086,211	18,819,200
Earnings per share, basic	16	RMB6.15	RMB3.48
Earnings per share, diluted	16	RMB6.13	RMB3.47

Chapter 11 Consolidated Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
Profit for the year	39,086,211	18,819,200
Other comprehensive (expense) income (after income tax):		
<i>Items that will not be reclassified to profit or loss:</i>		
Fair value change on equity investments at fair value through other comprehensive income ("FVTOCI")	(19)	(918)
Income tax relating to item that will not be reclassified subsequently to profit or loss	5	229
	(14)	(689)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Cash flow hedges:		
Cash flow hedge amounts recognised in other comprehensive income	(677,990)	(520,435)
Reclassification adjustments for amounts transferred to income statement	694,590	459,066
Deferred taxes	(4,980)	18,411
	11,620	(42,958)
Share of other comprehensive expense of associates	(174,707)	(42,906)
Exchange difference arising on translation of foreign operations	590,288	(2,918,115)
Other comprehensive (expense) income for the year	427,187	(3,004,668)
Total comprehensive income for the year	39,513,398	15,814,532
Attributable to:		
Equity holders of the Company	30,673,396	14,896,144
Owners of perpetual capital securities	461,944	178,664
Non-controlling interests	8,378,058	739,724
	39,513,398	15,814,532

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Current assets			
Bank balances and cash	17	38,624,290	40,044,795
Pledged term deposits	17	472,134	160,000
Restricted cash	17	6,081,400	5,367,672
Bills and accounts receivables	18	11,059,940	13,602,107
Royalty receivable	19	94,276	105,829
Inventories	20	8,222,000	7,806,715
Prepayments and other receivables	21	19,208,187	20,261,343
Long-term receivables – due within one year	31	4,590,570	1,445,352
Financial assets at fair value through profit or loss	39	1,437	150,481
		88,354,234	88,944,294
Assets classified as held for sale	33	8,061	7,904
		88,362,295	88,952,198
Non-current assets			
Intangible assets	22	72,604,936	75,528,799
Property, plant and equipment	23	82,430,170	75,270,589
Right-of-use assets	24	3,758,208	3,933,816
Investment properties	25	1,471,730	1,414,126
Construction in progress	26	13,555,090	11,910,634
Prepayments for property, plant and equipment and intangible assets		15,139,750	12,149,077
Goodwill	27	1,726,346	1,720,498
Investments in securities	32	661,484	594,183
Interests in associates	28	21,154,832	19,488,070
Interests in joint ventures	29	1,174,917	661,077
Long-term receivables – due after one year	31	3,089,342	6,343,092
Royalty receivable	19	1,004,040	914,055
Deposits made on investments		434,416	298,956
Deferred tax assets	41	2,035,947	2,779,837
		220,241,208	213,006,809
Total assets		308,603,503	301,959,007

Chapter 11 Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Current liabilities			
Bills and accounts payables	34	26,441,537	22,995,923
Other payables and accrued expenses	35	21,692,576	36,647,289
Contract liabilities	35	4,833,680	4,982,639
Provision for land subsidence, restoration, rehabilitation and environmental costs	36	1,113,609	966,925
Provision	37	59,738	52,695
Amounts due to Parent Company and its subsidiaries	48	3,330,508	2,693,959
Borrowings – due within one year	38	15,350,317	25,205,390
Financial liabilities at fair value through profit or loss	39	634,537	59,132
Lease liabilities	24	170,239	184,117
Tax payable		10,072,075	2,491,895
Long term payables – due within one year	40	584	1,518
		83,699,400	96,281,482
Non-current liabilities			
Provision for land subsidence, restoration, rehabilitation and environmental costs	36	9,189,449	3,692,198
Provision	37	776,250	1,115,839
Borrowings – due after one year	38	60,813,345	78,194,707
Lease liabilities	24	411,033	915,911
Long term payables – due after one year	40	5,032,012	3,623,604
Deferred tax liabilities	41	9,464,362	10,178,780
		85,686,451	97,721,039
Total liabilities		169,385,851	194,002,521
Capital and reserves			
Share capital	42	4,948,704	4,874,184
Reserves	42	84,903,675	63,783,476
Equity attributable to equity holders of the Company		89,852,379	68,657,660
Owners of perpetual capital securities	43	13,248,614	8,118,100
Non-controlling interests		36,116,659	31,180,726
		139,217,652	107,956,486
Total liabilities and equity		308,603,503	301,959,007

The consolidated financial statements on pages 193 to 334 were approved and authorised for issue by the Board of Directors on 24 March 2023 and are signed on its behalf by:

Li Wei
Director

Zhao Qingchun
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Attributable to equity holders of the Company											Perpetual Capital Securities issued by the Company RMB'000 (note 43)	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000 (note 42)	Share premium RMB'000	Capital reserve RMB'000 (note 42)	Share-based compensation reserve RMB'000	Future development fund RMB'000 (note 42)	Statutory common reserve fund RMB'000 (note 42)	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained earnings RMB'000 (note 42)	Total RMB'000			
At 1 January 2022	4,874,184	2,880,988	(169,297)	40,931	969,450	7,769,867	(8,187,691)	209,368	(270,288)	60,540,148	68,657,660	8,118,100	31,180,726	107,956,486
Profit for the year	-	-	-	-	-	-	-	-	-	30,407,538	30,407,538	461,944	8,216,729	39,086,211
Other comprehensive income for the year (after income tax):														
- Fair value change of equity instruments at FVTOCI	-	-	-	-	-	-	-	(14)	-	-	(14)	-	-	(14)
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	-	7,235	-	7,235	-	4,385	11,620
- Share of other comprehensive expense from associates	-	-	-	-	-	-	-	(174,707)	-	-	(174,707)	-	-	(174,707)
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	433,344	-	-	-	433,344	-	156,944	590,288
Total comprehensive income (expense) for the year	-	-	-	-	-	-	433,344	(174,721)	7,235	30,407,538	30,673,396	461,944	8,378,058	39,513,398
Transactions with owners														
- Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	4,990,400	-	4,990,400
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(321,830)	-	(321,830)
- Issue of shares upon exercise of share option	12,780	94,169	-	(23,626)	-	-	-	-	-	-	83,323	-	-	83,323
- Issue of share under Restricted Share Incentive Scheme	61,740	661,853	(723,593)	-	-	-	-	-	-	-	-	-	-	-
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(3,373,285)	(3,373,285)
- Dividends	-	-	-	-	-	-	-	-	-	(9,897,407)	(9,897,407)	-	-	(9,897,407)
- Recognition of equity-settled share-based payment expenses	-	-	-	297,100	-	-	-	-	-	-	297,100	-	16,985	314,085
- Transactions with non-controlling interests (note i)	-	-	38,307	-	-	-	-	-	-	-	38,307	-	(85,825)	(47,518)
Total transactions with owners	74,520	756,022	(685,286)	273,474	-	-	-	-	-	(9,897,407)	(9,478,677)	4,668,570	(3,442,125)	(8,252,232)
At 31 December 2022	4,948,704	3,637,010	(854,583)	314,405	969,450	7,769,867	(7,754,347)	34,647	(263,053)	81,050,279	89,852,379	13,248,614	36,116,659	139,217,652

Chapter 11 Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the year ended 31 December 2022

	Attributable to equity holders of the Company												Perpetual Capital Securities issued by the Company RMB'000 (note 43)	Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000 (note 42)	Share premium RMB'000	Capital reserve RMB'000 (note 42)	Share-based compensation reserve RMB'000	Future development fund RMB'000 (note 42)	Statutory common reserve fund RMB'000 (note 42)	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Cash flow hedge reserve RMB'000	Retained earnings RMB'000 (note 42)	Total RMB'000				
At 1 January 2021	4,860,000	2,735,364	(766,667)	64,451	969,450	7,367,074	(6,212,741)	252,963	(243,542)	48,868,399	57,894,751	5,217,667	28,970,792	92,083,210	
Profit for the year	-	-	-	-	-	-	-	-	-	16,941,435	16,941,435	178,664	1,699,101	18,819,200	
Other comprehensive income for the year (after income tax):															
- Fair value change of equity instruments at FVTOCI	-	-	-	-	-	-	-	(689)	-	-	(689)	-	-	(689)	
- Cash flow hedge reserve recognised	-	-	-	-	-	-	-	-	(26,746)	-	(26,746)	-	(16,212)	(42,958)	
- Share of other comprehensive expense from associates	-	-	-	-	-	-	-	(42,906)	-	-	(42,906)	-	-	(42,906)	
- Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	(1,974,950)	-	-	-	(1,974,950)	-	(943,165)	(2,918,115)	
Total comprehensive income (expense) for the year	-	-	-	-	-	-	(1,974,950)	(43,595)	(26,746)	16,941,435	14,896,144	178,664	739,724	15,814,532	
Transactions with owners															
- Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	7,984,270	-	7,984,270	
- Redemption of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(5,000,000)	-	(5,000,000)	
- Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	-	-	-	(262,501)	-	(262,501)	
- Issue of shares upon exercise of share option	14,184	145,624	-	(31,347)	-	-	-	-	-	-	128,461	-	-	128,461	
- Lapsed of share options	-	-	-	(7,291)	-	-	-	-	-	7,291	-	-	-	-	
- Appropriations to reserves	-	-	-	-	-	402,793	-	-	-	(402,793)	-	-	-	-	
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(2,210)	(2,210)	
- Dividends	-	-	-	-	-	-	-	-	-	(4,874,184)	(4,874,184)	-	-	(4,874,184)	
- Recognition of equity-settled share based payment expenses	-	-	-	15,118	-	-	-	-	-	-	15,118	-	4,231	19,349	
- Deemed contribution, net of tax (note ii)	-	-	672,176	-	-	-	-	-	-	-	672,176	-	407,451	1,079,627	
- Transactions with non-controlling interests (note i)	-	-	(74,806)	-	-	-	-	-	-	-	(74,806)	-	1,060,738	985,932	
Total transactions with owners	14,184	145,624	597,370	(23,520)	-	402,793	-	-	-	(5,269,686)	(4,133,235)	2,721,769	1,470,210	58,744	
At 31 December 2021	4,874,184	2,880,988	(169,297)	40,931	969,450	7,769,867	(8,187,691)	209,368	(270,288)	60,540,148	68,657,660	8,118,100	31,180,726	107,956,486	

Note (i) The Group acquired certain non-controlling interests at an aggregate consideration of approximately RMB47.5 million and resulted in approximately RMB38.3 million credited to capital reserves.

During the year ended 31 December 2021, the non-controlling shareholders of certain non-wholly owned subsidiaries made capital injection in aggregate of approximately RMB986 million and resulted in approximately RMB75 million debited to capital reserves.

(ii) Shandong Energy provided a loan to Yancoal Australia at an interest rate lower than the normal market rate as a deemed contribution to Yancoal Australia.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
OPERATING ACTIVITIES			
Profit before tax		53,688,193	24,288,809
Adjustments for:			
Finance costs	11	5,983,260	5,319,334
Interest income	10	(1,587,364)	(1,318,283)
Net unrealised foreign exchange loss		(903,589)	(225,557)
Depreciation of property, plant and equipment	13	8,193,478	7,858,064
Depreciation of right-of-use assets	13	320,363	339,275
Amortisation of intangible assets	13	2,879,549	2,930,400
Gain on disposal of property, plant and equipment, net	10	(22,832)	(57,596)
Gain on disposal of intangible assets	10	–	(14,317)
(Reversal of) impairment loss on bills and accounts receivables, net	10	(147,565)	13,504
Impairment loss on other receivables, net	9	134,121	584,148
Reversal of impairment loss on other receivables	9	(66,660)	(50,474)
Impairment loss on long-term receivables	9	22,730	15,915
Impairment loss (reversal of impairment) on inventories, net	10/9	246,631	(40,443)
Impairment loss on goodwill	9	–	8,197
Impairment loss on property, plant and equipment	9	743,418	49,658
Impairment loss on intangible assets, net	9	815,965	428,378
Impairment of right-of-use assets	9	125,996	–
Written-off of construction in progress	9	442,888	633,626
Fair value change in investment properties	10	(46,980)	(24,963)
Share of results of joint ventures		(613,508)	(257,580)
Share of results of associates		(1,495,300)	(1,810,546)
Share-based payment expenses	13	314,085	19,349
Gain on change in fair value of investment securities	10	(72,403)	(60)
Loss on change in fair value of financial assets and liabilities at FVTPL, net	9	294,101	142,558
Gain on change in fair value of royalty receivable	10	(57,589)	(16,762)
Operating cash flows before movements in working capital		69,190,988	38,814,634
Decrease (increase) in bills and accounts receivables		2,940,509	(6,465,544)
Increase in inventories		(633,553)	(669,920)
Movement in provision for land subsidence, restoration, rehabilitation and environmental cost		1,661,867	1,507,380
(Decrease) increase in provisions		(121,484)	496,877
Increase in prepayments and other receivables		(1,217,076)	(845,199)
Decrease in royalty receivable		–	17,346
Increase in bills and accounts payables		3,307,946	2,074,271
(Decrease) increase in other payables and accrued expenses		(1,738,362)	1,098,470
(Decrease) increase in contract liabilities		(148,959)	1,806,099
Increase in amount due to Parent Company and its subsidiaries		636,549	582,487
Decrease in long-term payables		(9,298)	(392,329)
Cash generated from operations		73,869,127	38,024,572
Income taxes paid		(6,976,746)	(3,355,939)
Interest paid		(6,613,258)	(6,251,542)
Interest received		1,594,566	1,398,633
NET CASH FROM OPERATING ACTIVITIES		61,873,689	29,815,724

Chapter 11 Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
INVESTING ACTIVITIES			
Withdrawal of pledged term deposits		–	1,010,256
Placement of pledged term deposits		(312,134)	(160,000)
Withdrawal of restricted cash		403,204	2,575,310
Placement of restricted cash		(1,116,932)	(1,527,339)
Purchase of property, plant and equipment		(3,263,345)	(4,500,363)
Payments for construction in progress		(10,079,977)	(7,036,446)
Purchase of intangible assets		(110,973)	(6,343,578)
Purchase of investment properties		(10,624)	–
Purchase of right-of-use assets		(69,073)	–
(Increase) decrease in deposit paid for property, plant and equipment and intangible assets		(3,649,793)	8,516,937
Proceeds from disposal of property, plant and equipment		480,140	941,991
Proceeds from disposal of intangible assets		37,290	186,259
Proceeds from disposal of investment securities		31,870	–
Investments in securities		(26,787)	(150,428)
Investments in associates		(47,577)	(136,607)
Payments for acquisition of subsidiaries		(64,652)	(11,578,889)
Receipts (payments) for financial assets and liabilities at FVTPL		112,015	(100,414)
Loan receivables advanced		(634,681)	(5,395,168)
Repayment of loan receivables		3,138,049	780,366
Increase in deposits in investment		(135,460)	(120,901)
Dividend received from associates and joint ventures		148,523	569,274
NET CASH USED IN INVESTING ACTIVITIES		(15,170,917)	(22,469,740)
FINANCING ACTIVITIES			
Proceeds from borrowings		22,685,446	47,800,026
Proceeds from other loan		1,500,000	–
Repayment of borrowings		(50,824,535)	(34,705,687)
Proceeds from issuance of guaranteed notes		–	10,883,919
Customers' deposits for financing business (withdrawal) received		(13,645,182)	6,190,815
Proceeds from issuance of perpetual capital security		4,990,400	7,984,270
Redemption of perpetual capital securities		–	(5,000,000)
Repayment of guaranteed notes		–	(11,733,168)
Dividends paid		(9,907,803)	(4,875,666)
Repayment of lease liabilities		(961,711)	(1,423,889)
Distribution paid to holders of perpetual capital securities		(321,830)	(262,501)
Dividend paid to non-controlling shareholders		(3,373,285)	(2,210)
Issuance of shares		806,916	128,461
(Payment to acquire) contribution from non-controlling interests		(47,518)	985,932
NET (USED IN) CASH FROM FINANCING ACTIVITIES		(49,099,102)	15,970,302
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,396,330)	23,316,286
CASH AND CASH EQUIVALENTS AT 1 JANUARY		40,044,795	17,116,460
Effect of foreign exchange rate		975,825	(387,951)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, REPRESENTED BY BANK BALANCES AND CASH		38,624,290	40,044,795

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL

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

The principal activities of the Company are investment holdings, coal mining and coal railway transportation. The activities of its principal subsidiaries, associates, joint ventures and joint operations (together with the Company referred to as the “Group”) are set out in notes 56, 28, 29 and 30 respectively.

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

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

2. BASIS OF PREPARATION AND PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Company also prepares a set of consolidated financial statements in accordance with the China Accounting Standards for Business Enterprises (“PRC GAAP”).

These consolidated financial statements include applicable disclosures required by the Hong Kong Companies Ordinance and by the Rules Governing the Listing of Securities on the SEHK (the “Listing Rules”).

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2. BASIS OF PREPARATION AND PRESENTATION (Continued)

Based on the above, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations as and when they fall due for the next twelve months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)”)

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) which are effective for the annual periods beginning on or after 1 January 2022:

Amendment to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 – 2020 cycle

The application of the amendments to IFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these financial statements.

New and amendments to IFRSs issued but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 16	Lease Liability in a Sale and Lease back ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Group anticipate that, except as described below, the application of the new and amendments to IFRSs will have no material impact on the results and financial position of the Group.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)”) (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The effective date of Amendments to IFRS 10 and IAS 28 has not yet been determined. However, earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company anticipate that the application of Amendments to IFRS 10 and IAS 28 will not have a material impact on the Group’s consolidated financial statements.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for a sale and leaseback transaction, where the transfer of the asset satisfies the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, IFRS 16 had not specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in HKFRS 16, thereby supporting the consistent application of the accounting standard.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to IFRS 16 will not have a material impact on the Group’s consolidated financial statements.

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3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)”) (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

Amendments to IAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The 2022 Amendments modify the requirements introduced by the amendments to IAS 1 issued in 2020, Classification of Liabilities as Current or Non-current (“the 2020 Amendment”) on how an entity classifies debt and other financial liabilities with covenants as current or non-current. The amendments specify that only covenants with which the entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

The amendments also specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The amendments also defer the effective date of the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2022, the application of the amendments will not result in reclassification of the Group's liabilities.

Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies.

3. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(s)”) (Continued)

New and amendments to IFRSs issued but not yet effective (Continued)

Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period, with earlier application permitted.

The application of the amendments is not expected to have significant impact on the Group’s consolidated financial statements.

Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. The Group is still in the process of assessing the full impact of the application of the amendments.

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4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments which are stated at fair value, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The significant accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends are recognised in the Company's profit or loss.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

Goodwill arising on acquisitions prior to 1 January 2005

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

The Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Goodwill arising on acquisitions on or after 1 January 2005

Goodwill arising on an acquisition of a business for which the agreement date is on or after 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Goodwill is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating units (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units). Any impairment is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method, except for the investments classified as held for sale in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate or joint venture is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from these transactions is eliminated.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group, as a joint operator, recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint operations (Continued)

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity enters into a transaction with a joint operation in which the group entity is a joint operator, such as a sale or contribution of assets, the Group is considered to be conducting the transaction with the other parties to the joint operation and the Group recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

When a group entity enters into a transaction with a joint operation in which the group entity is a joint operator, such as a purchase of assets, the Group recognises its share of the gains and losses until it resells those assets to a third party.

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales or disposals of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint control over the joint venture.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on property, plant and equipment, right-of-use assets and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful life to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised as an income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct goods or service.

Revenue is measured based on the consideration specified in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer.

The Group recognised revenue from the following major sources:

- Sales of goods (including coal, equipment manufacturing and chemical products)
- Provision of coal railway transportation services, electricity and heat supply

Sales of goods

Revenue from sale of coal, equipment manufacturing and chemical products is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of the goods to the location specified by the customers and accepted by the customers). It is a point of time where the customer has the ability to direct the use of the products and obtain substantially all of the remaining benefits of the products.

Provision of services

Revenue from coal railway transportation services is recognised when the services are rendered.

Revenue from supply of electricity and heat is recognised at the time when the electricity or heat is transmitted.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible assets;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are carried at costs less any accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Intangible assets acquired in a business combination (Continued)

(i) Mining reserves

Mining reserves represent the portion of total proven and probable reserves in the mine. Mining reserves are amortised over the life of the mine on a unit of production basis of the estimated total proven and probable reserves. Changes in the annual amortisation rate resulting from changes in the remaining reserves are applied on a prospective basis from the commencement of the next financial year.

(ii) Mining resources

Mining resources represent the fair value of economically recoverable reserves (excluding the portion of total proven and probable reserves of a mining right i.e. does not include the above mining reserves) of a mining right (Details are set out in the accounting policy of exploration and evaluation expenditure). When production commences, the mining resources for the relevant areas of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each separately identifiable area of interest which is at individual mine level.

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- Researching and analysing existing exploration data;
- Conducting geological studies, exploratory drilling and sampling;
- Examining and testing extraction and treatments methods; and/or
- Compiling pre-feasibility and feasibility studies.

These costs include employee remuneration, materials and fuel used, rig costs and payments made to contractors.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation expenditure (Continued)

Exploration expenditure relates to the initial search for deposits with economic potential. Expenditure on exploration activity is not capitalised.

Evaluation expenditure relates to a detailed assessment of deposits or other projects that have been identified as having economic potential. Capitalisation of evaluation expenditure commences when there is a high degree of confidence that the Group will determine that a project is commercially viable, i.e. the project will provide a satisfactory return relative to its perceived risks, and therefore it is considered probable that future economic benefits will flow to the Group.

Exploration and evaluation expenditure incurred is accumulated in respect of each separately identifiable area of interest which is at individual mine level. These costs are only carried forward where the right of tenure for the area of interest is current and to the extent that they are expected to be recouped through successful development and commercial exploitation, or alternatively, sale of the area, or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

The carrying amount of exploration and evaluation assets is assessed for impairment when facts or circumstances suggest the carrying amount of the assets may exceed their recoverable amount.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written-off in full in the period in which the decision to abandon the area is made.

Capitalised exploration and evaluation expenditure considered to be tangible is recorded as a component of property, plant and equipment. Otherwise, it is recorded as an intangible asset. Exploration and evaluation expenditure acquired in a business combination are recognised at their fair value at the acquisition date (the fair value of potential economically recoverable reserves at the acquisition date which is shown as "Mining resources").

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable (i.e. when proved reserves of coal are determined and development is approved by management), the exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining reserves or property, plant and equipment. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

On reclassification, the carrying amounts of exploration and evaluation assets are also reviewed and, where appropriate, written down to their recoverable amount.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment, other than construction in progress and freehold land, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Freehold lands are not depreciated and measured at cost less subsequent accumulated impairment loss.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is charged so as to write off the cost of items of property, plant and equipment, other than construction in progress and freehold land, over their estimated useful lives and after taking into account their estimated residual value, using the straight line method or unit of production method.

An item of property, plant and equipment is derecognised upon disposal or when no future benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised immediately in the consolidated statement of profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction in progress

Construction in progress represents production site development projects under construction for production or for its own use purposes. Construction in progress is carried at cost less any impairment loss. Costs included costs of constructing the manufacturing plant and acquisition of mining rights, mining permits and licenses that form an integral part of the overall development projects. Construction in progress is classified to the appropriate category of property, plant and equipment or intangible assets when completed and ready for intended use. Depreciation or amortisation commences when the assets are ready for their intended use.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

Inventories

Inventories of coal, iron ore, equipment and chemical products are stated at the lower of cost and net realisable value. Cost, which comprises direct materials and, where applicable, direct labour and overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price less all further costs to completion and costs to be incurred in selling, marketing and distribution.

Inventories of auxiliary materials, spare parts and small tools expected to be used in production are stated at weighted average cost less allowance, if necessary, for obsolescence.

Overburden in advance

Overburden in advance comprises mining stripping (waste removal) costs both during the development and production phase of the Group's operations.

When stripping costs are included in the development phase of a mine before the production phase commences (development stripping), such expenditure is capitalised as part of the cost of constructing the mine if it can be demonstrated that it is probable that future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of the ore body for which access has been improved. The stripping assets are subsequently amortised over its useful life using a units of production method, in accordance with the policy applicable to mine properties. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Overburden in advance (Continued)

Waste removal costs incurred in the production phase creates two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and the benefit is improved access to ore to be mined in the future, the costs are recognised as a stripping activity asset in mine properties.

If the costs of the inventory produced and the stripping asset are not separately identifiable, the allocation is undertaken based on waste-to-ore stripping ratio for the particular ore component concerned. If mining of waste in a period occurs in excess of the expected life-of-component average waste-to-ore strip ratio, the excess is recognised as part of the stripping asset. Where mining occurs at or below the expected life-of-component stripping ratio in a period, the entire production stripping cost is allocated to the cost of the ore inventory produced.

Amortisation is provided using the units-of-production method over the life of the identified component of ore body. The units-of-production method results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources (comprising proven and probable reserves).

Stripping costs that do not satisfy the asset recognition criteria are expensed.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, interest in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

Certain of the Company's Australian subsidiaries have formed an income tax consolidated group under the Australia tax consolidation regime. The head entity, Yancoal Australia, and the members of the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own rights. In addition to its own current and deferred tax amounts, Yancoal Australia also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the members of the tax consolidated group. The Australian subsidiaries have entered into a tax sharing agreement whereby each entity of Australian subsidiaries contributes to the income tax payable in proportion to their contribution to the profit before tax of the tax consolidated group. The tax consolidated group has also entered into a tax funding agreement whereby each entity in the Australian subsidiaries group can recognise their balance of the current tax assets and liabilities through inter-entity accounts.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land subsidence, restoration, rehabilitation and environmental costs

One consequence of coal mining is land subsidence caused by the resettlement of the land above the underground mining sites. Depending on the circumstances, the Group may relocate inhabitants from the land above the underground mining sites prior to mining those sites or the Group may compensate the inhabitants for losses or damages from land subsidence after the underground sites have been mined. The Group may also be required to make payments for restoration, rehabilitation or environmental protection of the land after the underground sites have been mined.

An estimate of such costs is recognised in the period in which the obligation is identified and is charged as an expense in proportion to the coal extracted. At the end of each reporting period, the Group adjusts the estimated costs in accordance with the actual land subsidence status. The provision is also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalised cost, except where a reduction in the provision is greater than the undepreciated capitalised cost of any related assets, in which case the capitalised cost is reduced to nil and remaining adjustment is recognised in the consolidated statement of profit or loss. Changes to the capitalised cost result in an adjustment to future depreciation and finance charges.

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

For contracts entered into or arising from business combinations, the Group assesses whether a contract is or contains a lease, at inception of the contractor acquisition date, as appropriate. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

The Group as lessee (Continued)

Lease liabilities (Continued)

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, provision is recognised and measured under IAS 37 “Provision, Contingent Liabilities and Contingent Assets”. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. They are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient for all leases.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material.)

Onerous contracts

Restoration provisions

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

(a) Other non-incremental costs are allocated even before application of IAS 37 amendments

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs (to specify, e.g. direct labour and materials) and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

(b) Only considered incremental costs prior to application of IAS 37 amendments

Prior to application of IAS 37 amendments on 1 January 2022, the Group only considers incremental costs (to specify, e.g. direct labour and materials) when assessing whether a contract is onerous or loss-making. Effective 1 January 2022, outstanding unfulfilled contracts as at 1 January 2022 are assessed by considering both the incremental costs and an allocation of other costs (to specify, e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract) that relate directly to fulfilling contracts.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

All other borrowings costs are recognised as expenses in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e., the currency of the primary environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

Exchange differences on monetary items receivable from or payable to foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Renminbi) at the rate of exchange prevailing at the reporting date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss or control over a subsidiary that includes a foreign operation, a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefits costs

Payments to defined contribution plans including included state-managed retirement benefit schemes and superannuation funds are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave are included in other payables and accrued expenses. Related on-costs are also included in other payables and accrued expenses as other creditors. Long service leave is provided for when it is probable that settlement will be required and it is capable of being measured reliably.

Employee benefits expected to be settled within 12 months are measured using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest method (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the “Other income and gains” line item.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “Other income and gains” line item in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “Other income and gains” line item. Fair value is determined in the manner described in note 45c.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost as well as financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for bills and accounts receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

Significant increase in credit risk (Continued)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial assets is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 4 years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Perpetual capital securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavourable to the Group, are classified as equity instruments and are initially recorded at the proceeds received.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities is 1) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the 'other incomes and gains' line item in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Hedge accounting (Continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the “Other income and gains” line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

Share options granted to employees

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of equity instruments options granted at the date of grant is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to other reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

Cash-settled share-based payment transactions

For cash-settled share-based payments, a liability is recognised for goods or services acquired, measured initially at the fair value of the liability. At the end of the reporting period, the liability is remeasured at its fair value until the liability is settled, with any changes in fair value recognised in profit or loss for the year.

In case of share options granted by a subsidiary, the share options reserve of the subsidiary is classified as and grouped under non-controlling interests by the Group on consolidation. At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium of that subsidiary. The Group will account for the dilution as an equity transaction if the exercise of share options does not constitute a loss of the Group's control over that subsidiary.

Recognition and measurement of restricted stock repurchase obligations

Under the Group's stock incentive plan of restricted stock, the Group grants non-publicly issued shares of the Company for a restricted sale period (the "Restricted Shares") to the incentive targets. During the restricted sale period, restricted shares shall be restricted for sale and shall not be transferred, pledged for any guarantee or used for repayment of debts. When the agreed unlocking conditions are met, the restricted stock will be unlocked. If all or part of the shares expire or be canceled due to unlocking, the Group will repurchase the shares at the agreed price.

On the grant date, the Group recognises the share capital and capital reserve according to the subscription payment received from the incentive targets. Meanwhile, for the Group obligation of restricted stock repurchase, recognised liabilities calculated by the number of restricted stock and the repurchase price, treat as the acquisition of treasury stock.

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

When measuring fair value except for the Group's share-based payment transactions, leasing transactions, net realisable value of inventories and value in use of intangible assets, right-of-use assets, property, plant and equipment and construction in progress for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosure made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Significant influence over associates

As stated in note 28, the directors of the Company considered that China Zheshang Bank Co., Ltd. ("Zheshang Bank"), 臨商銀行股份有限公司 ("Linshang Bank"), Qilu Bank Co. Ltd. ("Qilu Bank") and 內蒙古伊泰呼准鐵路有限公司 ("伊泰"), in which the Group has 4.39%, 17%, 7.80% and 18.94% equity interest respectively, are associates of the Group.

The Group considered that it has the practical power to participate in significant financial and operating decisions and are able to exercise significant influence over the associates even though it owns less than 20% of the ownership interest and voting control taking into account 1) the Group's ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; 2) the representation or right to appoint/nominate directors on the board of directors of these associates; and 3) the rights to participate in the policy-making process, including dividends and other distribution of the associates.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of mining structures

The cost of mining structures (note 23) is depreciated using the unit of production method based on the estimated total production volume for which the structure was designed that are based on the total estimated proven and probable reserves of each of the mine and the unit of production for the year. The management exercises their judgement in estimating the unit of production rates of the mining structures and the remaining estimated total production volume of the mine. The estimated total coal production volumes are updated at regular intervals and have taken into account recent production and technical information as well as the proven and probable estimated reserves about each mine. These changes are considered a change in estimate for accounting purposes and are reflected on a prospective basis in related depreciation rates. Estimates of the remaining estimated total production volume are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information.

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Amortisation of assets

Mining reserve (note 22) is amortised based on unit of production basis. The expensing of overburden costs is based on saleable coal production over its estimated economically recoverable reserves. The units of production for each mine are estimated on the basis of the total estimated proven and probable reserves of the mine. Proven and probable mining reserve estimates are updated at regular intervals and have taken into account recent production and technical information about each mine.

Provision for land subsidence, restoration, rehabilitation and environmental costs

The provision (note 36) is reviewed regularly to verify that it properly reflects the remaining obligation arising from the current and past mining activities. Provision for land subsidence, restoration, rehabilitation and environmental costs are determined by the management based on their best estimates of the current and future costs, latest government policies and past experience.

As at 31 December 2022, the carrying amount of provision of land subsidence, restoration, rehabilitation and environmental cost is RMB10,303,058,000 (2021: RMB4,659,123,000).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated to. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a discount rate in order to calculate the present value. The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Cash flow projections during the budget period for each of the cash generating units are based on the budgeted revenue and expected gross margins during the budget period and the raw materials price inflation during the budget period. Expected cash inflows/outflows have been determined based on past performance and management's expectations for the market development.

As at 31 December 2022, the carrying amount of goodwill is RMB1,726,346,000 (2021: RMB1,720,498,000). During the year ended 31 December 2022, no impairment loss on goodwill was recognised by the Group (2021: RMB8,197,000). Details of the Group's impairment assessment on goodwill are set out in note 27.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of property, plant and equipment and intangible assets

Property, plant and equipment and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

The future cash flow is estimated based on past performance and expectation for market development, including but not limited to the impacts of COVID-19 pandemic. As the current environment is uncertain, the estimated cash flows and discount rate are subject to higher degree of estimation uncertainty. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2022, the carrying amounts of property, plant and equipment and intangible assets were RMB82,430,170,000 and RMB72,604,936,000 (2021: RMB75,270,589,000 and RMB75,528,799,000) respectively. Details of the impairment of property, plant and equipment and intangible assets are disclosed in notes 23 and 22, respectively.

Exploration and evaluation expenditure

Under the Group's accounting policy, exploration expenditure is not capitalised. Evaluation expenditure is capitalised when there is a high degree of confidence that the Group will determine that a project is commercially viable and therefore it is considered probable that future economic benefits will flow to the Group.

There are occasions when the Group concludes that the asset recognition criteria are met at an earlier stage than approval to proceed. In these cases, evaluation expenditure is capitalised if there is a high degree of confidence that the Group will determine the project is commercially viable. The Group's view is that a high degree of confidence is greater than "more likely than not" (that is greater than 50 per cent certainty) and less than "virtually certain" (that is less than 90 per cent certainty). Determining whether there is a high degree of confidence that the Group will determine that an evaluation project is commercially viable requires a significant degree of judgement and assessment of all relevant factors such as the nature and objective of the project; the project's current stage and project timeline; current estimates of the project's net present value including sensitivity analyses for the key assumptions; and the main risks of the project. Development expenditure incurred prior to the decision to proceed is subject to the same criteria for capitalisation, being a high degree of confidence that the Group will determine that a project is commercially viable.

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Exploration and evaluation expenditure (Continued)

In accordance with IFRS 6 “Exploration for and Evaluation of Mineral Resources”, the criteria for the capitalisation of evaluation costs are applied consistently from period to period.

Subsequent recovery of the carrying value for evaluation costs depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are charged to the consolidated statement of profit or loss.

Impairment of bills and accounts receivables, other receivables and long-term receivables

The impairment provisions for bills and accounts receivables, other receivables and long-term receivables are based on assumptions about expected credit loss. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group’s historical experience and forward-looking information at the end of the reporting period. Due to the unprecedented nature of the COVID-19 pandemic, its effect on the Group’s customers and their ability to meet their financial obligations to the Group is difficult to predict. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss.

At 31 December 2022, the carrying amount of bills and accounts receivables is approximately RMB11,059,940,000 (2021: RMB13,602,107,000), net of accumulated impairment losses of approximately RMB340,531,000 (2021: RMB506,032,000).

At 31 December 2022, the carrying amount of other receivables is approximately RMB8,941,854,000 (2021: RMB10,740,558,000), net of accumulated impairment losses of approximately RMB2,830,693,000 (2021: RMB2,826,470,000).

At 31 December 2022, the carrying amount of long-term receivables is approximately RMB7,679,912,000 (2021: RMB7,788,444,000), net of accumulated impairment losses of approximately RMB366,993,000 (2021: RMB345,851,000).

6. SEGMENT INFORMATION

The Group is engaged primarily in the mining business. The Group is also engaged in the smart logistics business. The Company does not currently have direct export rights in the PRC and all of its export sales is made through China National Coal Industry Import and Export Corporation (“National Coal Corporation”), Minmetals Trading Co., Ltd. (“Minmetals Trading”) and/or Shanxi Coal Imp. & Exp. Group Corp. (“Shanxi Coal Corporation”). The final customer destination of the Company’s export sales is determined by the Company, National Coal Corporation, Minmetals Trading and/or Shanxi Coal Corporation. The exploitation right of the Group’s foreign subsidiaries is not restricted. Certain of the Company’s subsidiaries and associates are engaged in manufacturing and trading of mining machinery and the transportation business via rivers and lakes and provision of financial services in the PRC. No separate segment information about these businesses is presented in these consolidated financial statements as the underlying gross sales, results and assets of these businesses, which are currently included in the mining business segment, are insignificant to the Group. Upon the acquisition of Yankuang Donghua Heavy Industry Limited (“Donghua”) in 2016, the Group is also engaged in the manufacturing of comprehensive coal mining and excavating equipment. In addition, certain of the Company’s subsidiaries are engaged in production of methanol and other chemical products, and provision of heat and electricity which was classified as “Electricity and heat supply” business in prior year. Since late 2020, the Group expanded into the manufacturing and sale of different types of chemical products and was classified as “Chemical products”.

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

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

Principal activities are as follows:

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

The accounting policies of the operating segments are same as the Group’s accounting policies described in note 4. Segment results represents the results of each segment without allocation of corporate expenses, directors’ emoluments, share of results of associates and joint ventures, interest income, interest expenses and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

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

Unallocated corporate income for the years ended 31 December 2022 and 2021 mainly included gain on sales of auxiliary materials and sundry items and other corporate income.

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6. SEGMENT INFORMATION (Continued)

Unallocated corporate expenses for the years ended 31 December 2022 and 2021 mainly included bank charges, salaries and other employee benefits, miscellaneous taxes and sundry items and other corporate expenses.

Unallocated corporate assets at 31 December 2022 and 2021 mainly included certain bank balances and cash, investments in securities, deferred tax assets and sundry items and other corporate assets.

Unallocated corporate liabilities at 31 December 2022 and 2021 mainly included borrowings, dividend payables, deferred tax liabilities and sundry items and other corporate liabilities.

(a) Segment revenues and results

Segment information about these businesses is presented below:

	For the year ended 31 December 2022							
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE								
External	125,843,528	393,440	3,479,977	611,824	24,272,736	-	-	154,601,505
Inter-segment	14,749,987	-	-	1,682,938	5,744,420	-	(22,177,345)	-
Total	140,593,515	393,440	3,479,977	2,294,762	30,017,156	-	(22,177,345)	154,601,505

	For the year ended 31 December 2022							
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
RESULTS								
Segment results	58,461,164	224,712	126,301	71,662	1,954,879	-	-	60,838,718
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,507,004)
Unallocated corporate income	-	-	-	-	-	-	-	1,643,567
Interest income	-	-	-	-	-	-	-	1,587,364
Share of results of associates	71,097	27,482	57,814	-	-	1,338,907	-	1,495,300
Share of results of joint ventures	613,058	-	-	-	-	-	-	613,508
Finance costs	-	-	-	-	-	-	-	(5,983,260)
Profit before tax								53,688,193
Income tax expenses								(14,601,982)
Profit for the year								39,086,211

6. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

	For the year ended 31 December 2021							
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	Consolidated RMB'000
SEGMENT REVENUE								
External	83,796,609	337,560	2,699,299	380,133	21,402,046	-	-	108,615,647
Inter-segment	9,635,532	49,000	-	1,065,352	11,567,155	-	(22,317,039)	-
Total	93,432,141	386,560	2,699,299	1,445,485	32,969,201	-	(22,317,039)	108,615,647
RESULTS								
Segment results	26,126,065	102,762	(621,668)	70,444	5,592,449	-	-	31,270,052
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,643,385)
Unallocated corporate income	-	-	-	-	-	-	-	1,595,067
Interest income	-	-	-	-	-	-	-	1,318,283
Share of results of associates	30,055	50,689	96,249	-	-	1,633,553	-	1,810,546
Share of results of joint ventures	257,580	-	-	-	-	-	-	257,580
Finance costs	-	-	-	-	-	-	-	(5,319,334)
Profit before tax								24,288,809
Income tax expenses								(5,469,609)
Profit for the year								18,819,200

The revenue for the years ended 31 December 2022 and 2021 represented revenue from contracts with customers within the scope of IFRS 15.

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6. SEGMENT INFORMATION (Continued)

(a) Segment revenues and results (Continued)

Disaggregation of revenue from contracts with customers by timing of recognition

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Timing of revenue recognition		
At a point in time	154,601,505	108,615,647

(b) Segment assets and liabilities

	As at 31 December 2022						Consolidated RMB'000
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	
ASSETS							
Segment assets	165,494,007	2,789,224	2,141,364	4,523,226	70,260,262	-	245,208,083
Interests in associates	877,516	2,299,571	1,016,823	17,451	-	16,943,471	21,154,832
Interests in joint ventures	1,174,917	-	-	-	-	-	1,174,917
Unallocated corporate assets							41,065,671
							308,603,503
LIABILITIES							
Segment liabilities	27,640,199	125,398	189,651	1,463,037	15,091,084	-	44,509,369
Unallocated corporate liabilities							124,876,482
							169,385,851

6. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

	As at 31 December 2021						
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Consolidated RMB'000
ASSETS							
Segment assets	172,877,053	374,595	3,912,725	4,595,186	50,947,172	-	232,706,731
Interests in associates	849,229	2,271,136	958,553	12,944	-	15,402,371	19,494,233
Interests in joint ventures	661,077	-	-	-	-	-	661,077
Unallocated corporate assets							49,096,966
							301,959,007
LIABILITIES							
Segment liabilities	50,284,537	156,047	1,568,621	2,783,970	21,965,474	-	76,758,649
Unallocated corporate liabilities							117,243,872
							194,002,521

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6. SEGMENT INFORMATION (Continued)

(c) Other segment information

	For the year ended 31 December 2022						Consolidated RMB'000
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Corporate RMB'000	
Capital additions	20,396,313	53,763	302,076	9,151	1,026,373	72	21,787,748
Additions of investments in associates	23,577	24,000	-	-	-	-	47,577
Amortisation of intangible assets	2,255,412	-	-	101	623,883	153	2,879,549
Depreciation of property, plant and equipment	4,967,482	34,019	54,092	279,261	2,858,509	115	8,193,478
Depreciation of right-of-use assets	256,408	-	12,403	3,532	48,020	-	320,363
Impairment loss (reversal) on:							
- inventories	246,631	-	-	-	-	-	246,631
- bills and accounts receivables, net	(147,565)	-	-	-	-	-	(147,565)
- other receivables, net	67,461	-	-	-	-	-	67,461
- long-term receivables	22,730	-	-	-	-	-	22,730
- intangible assets	815,965	-	-	-	-	-	815,965
- property, plant and equipment	743,418	-	-	-	-	-	743,418
- right-of-use assets	125,996	-	-	-	-	-	125,996
Written-off of construction in progress	442,888	-	-	-	-	-	442,888

6. SEGMENT INFORMATION (Continued)

(c) Other segment information (Continued)

	For the year ended 31 December 2021						
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Corporate RMB'000	Consolidated RMB'000
Capital additions	11,039,786	22,534	26,630	1,191	232,960	89	11,323,190
Additions of investments in associates	14,470	24,000	-	12,000	-	98,000	148,470
Amortisation of intangible assets	2,276,318	-	8,572	100	645,257	153	2,930,400
Depreciation of property, plant and equipment	5,329,953	34,031	102,242	367,458	2,023,926	454	7,858,064
Depreciation of right-of-use assets	223,921	32,853	15,541	3,532	63,428	-	339,275
Impairment loss (reversal) on:							
- inventories	(40,443)	-	-	-	-	-	(40,443)
- bills and accounts receivables, net	13,504	-	-	-	-	-	13,504
- other receivables, net	533,674	-	-	-	-	-	533,674
- long-term receivables	15,915	-	-	-	-	-	15,915
- intangible assets	428,378	-	-	-	-	-	428,378
- property, plant and equipment	49,658	-	-	-	-	-	49,658
- goodwill	8,197	-	-	-	-	-	8,197
Written-off of construction in progress	633,626	-	-	-	-	-	633,626

Geographical information

The following table sets out the geographical information. The geographical location of sales to external customers is based on the location at which the services were provided or the destination of goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates and joint ventures.

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6. SEGMENT INFORMATION (Continued)

Geographical information (Continued)

The geographical information of revenue from contracts with customers are as follows:

	Revenue from external customers For the year ended 31 December	
	2022 RMB'000	2021 RMB'000
The PRC (place of domicile)	89,105,488	79,998,314
Australia	1,639,284	4,165,272
Others	63,856,733	24,452,061
Total	154,601,505	108,615,647

The geographical information of non-current assets (note) are as follows:

	Non-current assets At 31 December	
	2022 RMB'000	2021 RMB'000
The PRC (place of domicile)	168,613,534	157,361,235
Australia	42,528,157	42,898,964
Canada	1,874,288	1,816,487
Total non-current assets	213,015,979	202,076,686

Note: Non-current assets excluded investments in securities, long-term receivables, royalty receivable, deposits made on investments and deferred tax assets.

7. GROSS SALES OF COAL

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Coal sold in the PRC, gross	72,363,408	55,842,467
Coal sold outside the PRC, gross	53,480,120	27,954,142
	125,843,528	83,796,609

8. COST OF SALES AND SERVICES PROVIDED

Cost of sales and services provided included:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Amortisation of mining rights	2,751,108	2,793,383
Depreciation of property, plant and equipment	7,574,774	7,197,871
Depreciation of right-of-use assets	238,670	242,906

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9. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses included:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Wages and employee benefits	4,320,249	3,743,296
Amortisation of intangible assets	128,351	137,017
Depreciation of property, plant and equipment	618,704	660,193
Depreciation of right-of-use assets	81,693	96,369
Impairment loss on inventories	246,631	37,649
Impairment loss on bills and accounts receivables, net	–	13,504
Impairment loss on prepayment and other receivables, net	67,461	533,674
Impairment loss on long-term receivables, net	22,730	15,915
Impairment loss on intangible assets, net	815,965	428,378
Impairment loss on property, plant and equipment	743,418	49,658
Impairment loss on right-of-use asset	125,996	–
Written-off of construction in progress	442,888	633,626
Impairment loss on goodwill	–	8,197
Loss on change in fair value of financial asset and liabilities at fair value through profit or loss, net	294,101	142,558

10. OTHER INCOME AND GAINS

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Gain on sales of auxiliary materials	268,770	89,191
Interest income	1,587,364	1,318,283
Gain on change in fair value of royalty receivable	57,589	16,762
Gain on change in fair value of investment securities at FVTPL	72,403	60
Government grants (note)	176,633	169,279
Gain on disposal of property, plant and equipment, net	22,832	57,596
Gain on disposal of intangible assets	–	14,317
Gain on change in fair value of investment properties	46,980	24,963
Reversal of impairment loss on inventories	–	78,092
Reversal of impairment loss on bills and accounts receivables, net	147,565	–
Exchange gain, net	648,496	449,397
Others	465,581	502,380
	3,494,213	2,720,320

Note:

Government grants mainly represented subsidies provided to the Group to finance its operations and there were no unfulfilled conditions.

11. FINANCE COSTS

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Interest expenses on:		
– Bank and other borrowings	6,309,732	5,652,715
– Lease liabilities	71,093	57,841
	6,380,825	5,710,556
Less: interest expenses capitalised into construction in progress	(397,565)	(391,222)
	5,983,260	5,319,334

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 4.27% to 6% (2021: 4.11% to 6%) per annum to expenditure on qualifying assets.

12. INCOME TAX EXPENSES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Income taxes:		
Current taxes	14,556,926	6,434,967
Deferred taxes (note 41)	45,056	(965,358)
	14,601,982	5,469,609

Except for certain subsidiaries in the PRC that are entitled to a preferential tax rate of 15%, the Company and its subsidiaries in the PRC are subject to the standard income tax rate of 25% on its taxable income (2021: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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12. INCOME TAX EXPENSES (Continued)

The total tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Profit before tax	53,688,193	24,288,809
Standard income tax rate in the PRC	25%	25%
Standard income tax rate applied to profit before tax	13,422,048	6,072,202
Reconciling items:		
Tax effect of expenses not deductible for tax purpose	1,553,919	574,925
Utilisation of unrecognised tax losses in prior years	(56,502)	(61,874)
Effect of tax rate differences in other taxation jurisdictions	(55,870)	(1,094,435)
Tax effect of share of results of associates and joint ventures	(527,202)	(517,032)
Changes in tax base of assets (note)	15,533	(23,954)
Tax effect of tax losses not recognised	353,656	519,777
Others	(103,600)	-
Income taxes	14,601,982	5,469,609
Effective income tax rate	26.2%	22.52%

Note: The amount represented the tax benefits relating to the finalisation of tax bases arising from Yancoal Australia.

13. PROFIT BEFORE TAX

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	2,879,549	2,930,400
Depreciation of property, plant and equipment	8,193,478	7,858,064
Depreciation of right-of-use assets	320,363	339,275
Auditors' remuneration	15,819	16,011
Staff costs, including directors', chief executive director's, supervisors' and management team's emoluments	10,049,929	9,138,402
Retirement benefit scheme contributions (included in staff costs above)	2,729,905	2,590,152
Share-based payments expenses (included in staff costs above)	314,085	19,349
Cost of inventories recognised as expenses	23,062,583	19,544,126
Research and development costs	2,117,208	1,139,629

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Directors', chief executive director's, supervisors' and management team's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended 31 December 2022			Total RMB'000
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	
Independent non-executive directors				
Tianhui ¹	150	-	-	150
Zhu Limin	150	-	-	150
Cai Chang	150	-	-	150
Poon Chiu Kwok	150	-	-	150
	600	-	-	600
Executive directors				
Xiao Yaomeng	-	1,682	260	1,942
Huang Xiaolong	-	940	141	1,081
Zhao Qingchun	-	1,274	194	1,468
Wang Ruolin	-	999	153	1,152
Zhu Qingrui*	-	-	-	-
Liu Jian	-	-	-	-
	-	4,895	748	5,643
Chief executive director				
Li Wei*	-	-	-	-

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14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

	For the year ended 31 December 2022			
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Supervisors				
Zhou Hong ⁺³	-	-	-	-
Zhu Hao*	-	-	-	-
Deng Hui	-	551	83	634
Li Shipeng*	-	-	-	-
Qin Yanpo*	-	-	-	-
Su Li	-	1,284	196	1,480
	-	1,835	279	2,114
Other management team				
Zhang Chuanchang	-	1,335	204	1,539
Tian Zhaohua	-	1,297	198	1,495
Zhang Lei	-	931	-	931
Zhang Yanwei	-	631	95	726
Liu Qiang ⁴	-	114	16	130
Gong Zhijie	-	308	47	355
Li Weiqing	-	1,234	189	1,423
Ma Junpeng ⁵	-	597	87	684
Kang Dan ⁶	-	492	72	564
You Jiaqiang ⁷	-	76	11	87
Wang Jiuhong ⁷	-	1,255	191	1,446
	-	8,270	1,110	9,380
Total	600	15,000	2,137	17,737

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

The executive directors', chief executive directors' and other management team's emoluments shown above were for their services to the management of the affairs of the Company and the Group.

The independent non-executive directors' and the supervisors' emoluments shown above were for their services as directors/supervisors of the Company.

* Emoluments of these directors and supervisors were borne by the Parent Company and there is no reasonable basis of allocating their emoluments to the Group.

¹ Resigned on 29 March 2022

² Resigned on 24 August 2022

³ Resigned on 25 January 2022

⁴ Resigned on 28 April 2022

⁵ Appointed on 30 March 2022

⁶ Appointed on 29 April 2022

⁷ Appointed on 28 October 2022

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14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	For the year ended 31 December 2021			Total RMB'000
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	
Independent non-executive directors				
Tianhui	150	–	–	150
Zhu Limin	150	–	–	150
Cai Chang	150	–	–	150
Poon Chiu Kwok	150	–	–	150
	600	–	–	600
Executive directors				
Wu Xiangqian ^{2*}	–	–	–	–
Xiao Yaomeng ¹	–	1,155	181	1,336
Huang Xiaolong ¹	–	386	58	444
Zhao Qingchun	–	1,080	169	1,249
He Jing ²	–	1,011	156	1,167
Wang Ruolin	–	1,006	157	1,163
Zhu Qingrui ^{1*}	–	–	–	–
Liu Jian	–	1,247	194	1,441
	–	5,885	915	6,800
Chief executive director				
Li Xiyong ³	–	–	–	–
Li Wei ^{*1}	–	–	–	–

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)
Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

	For the year ended 31 December 2021			Total RMB'000
	Fees RMB'000	Salaries, allowance and other benefits in kind RMB'000	Retirement benefit scheme contributions RMB'000	
Supervisors				
Zhou Hong*	-	-	-	-
Gu Shisheng ^{2*}	-	-	-	-
Zhu Hao ^{1*}	-	-	-	-
Deng Hui ⁴	-	760	118	878
Li Shipeng*	-	-	-	-
Qin Yanpo*	-	-	-	-
Su Li	-	1,009	158	1,167
Zheng Kai ⁵	-	806	129	935
	-	2,575	405	2,980
Other management team				
Jin Qingbin ⁶	-	792	125	917
Zhang Chuanchang	-	1,024	160	1,184
Wang Chunyao ⁸	-	1,026	160	1,186
Wang Peng ⁹	-	747	117	864
Tian Zhaohua	-	590	91	681
Zhang Lei	-	2,361	-	2,361
Zhang Yanwei ¹⁰	-	188	28	216
Liu Qiang ¹¹	-	1,058	165	1,223
Gong Zhijie	-	1,165	183	1,348
Li Weiqing ⁷	-	941	147	1,088
Li Wei ⁶	-	909	143	1,052
	-	10,801	1,319	12,120
Total	600	19,261	2,639	22,500

The executive directors', chief executive directors' and other management team's emoluments shown above were for their services to the management of the affairs of the Company and the Group.

The independent non-executive directors' and the supervisors' emoluments shown above were for their services as directors/supervisors of the Company.

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14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Directors', chief executive director's, supervisors' and management team's emoluments (Continued)

- * Emoluments of these directors and supervisors were borne by the Parent Company and there is no reasonable basis of allocating their emoluments to the Group.
- ¹ Appointed on 20 August 2021
- ² Resigned on 20 August 2021
- ³ Deceased on 10 April 2021
- ⁴ Appointed on 30 November 2021
- ⁵ Resigned on 30 November 2021
- ⁶ Resigned on 30 July 2021
- ⁷ Appointed on 1 December 2021
- ⁸ Resigned on 21 November 2021
- ⁹ Resigned on 9 August 2021
- ¹⁰ Appointed on 30 July 2021
- ¹¹ Appointed on 29 September 2021

Employees' emoluments

The five highest paid individuals in the Group included three (2021: three) directors for the year ended 31 December 2022. The emoluments of the remaining two (2021: two) highest paid individuals were stated as follows:

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Salaries, allowance and other benefits in kind	10,419	10,356
Retirement benefit scheme contributions	224	222
Discretionary bonuses	8,370	7,971
	19,013	18,549

Their emoluments were within the following bands:

	Year ended 31 December	
	2022	2021
HKD3,000,001 to HKD3,500,000	–	–
HKD4,500,001 to HKD5,000,000	1	1
HKD6,500,001 to HKD7,000,000	–	–
HKD7,000,001 to HKD7,500,000	–	–
HKD12,000,001 to HKD12,500,000	–	–
HKD16,500,001 to HKD17,000,000	1	1
	2	2

14. DIRECTORS', CHIEF EXECUTIVE DIRECTOR'S, SUPERVISORS' AND MANAGEMENT TEAM'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (Continued)

Employees' emoluments (Continued)

None of the directors, chief executive director, supervisors, management team and the five highest paid individuals waived any emoluments in the year ended 31 December 2022 and 2021. No emoluments were paid by the Group to any of the directors, supervisors, management team or five highest paid individuals as an inducement to joining the Group or as compensation for loss of office.

15. DIVIDEND RECOGNISED AS DISTRIBUTION DURING THE YEAR

	2022 RMB'000	2021 RMB'000
2021 final and special dividend, RMB2.00 per share (2021: 2020 final dividend, RMB1.00 per share)	9,897,407	4,874,184

Pursuant to the annual general meeting held on 30 June 2022, a final dividend of RMB1.60 per share and a special dividend of RMB0.4 per share in respect of the year ended 31 December 2021 was approved by the shareholders and paid to shareholders of the Company.

The board of directors proposes to declare a final dividend of RMB30.7 per 10 shares (tax inclusive) and a special dividend of RMB12.3 per 10 shares (tax inclusive) and 5 bonus shares for every 10 shares in respect of the year ended 31 December 2022. The declaration and payment of the dividend needs to be approved by the shareholders of the Company in the forthcoming general meeting.

16. EARNINGS PER SHARE

The calculation of the diluted earnings per share for the year ended 31 December 2022 and 2021 is based on the profit for the year attributable to equity holders of the Company with an adjustment on effect of dilutive share incentive schemes of a non-wholly owned subsidiary.

For the year ended 31 December 2022 and 2021, the number of ordinary shares used in the calculation of diluted earnings per share is the weighted average number of ordinary shares in issue during the year as used in the basic earnings per share calculation and adjusted for the effect of potential ordinary shares from the Company's share options.

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16. EARNINGS PER SHARE (Continued)

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

	2022 RMB'000	2021 RMB'000
Earnings		
Profit for the year attributable to equity holders of the parent, used in the basic earnings per share calculation	30,407,538	16,941,435
Adjustment to the share of profit of a subsidiary based on dilution of their earnings	(58,105)	(9,984)
Earnings for the purpose of diluted earnings per share	30,349,433	16,931,451
	Number of shares ('000)	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	4,942,625	4,870,572
Effect of dilutive potential ordinary shares: Share options	11,405	13,212
Weighted average number of ordinary shares used in the diluted earnings per share calculation	4,954,030	4,883,784

17. BANK BALANCES AND CASH, PLEDGED TERM DEPOSITS AND RESTRICTED CASH

Bank balances carry interest at market rates which ranged from 0.30% to 1.61% (2021: from 0.30% to 1.61%) per annum.

At the reporting date, the restricted cash mainly represents the bank acceptance bill deposits paid for safety work as required by the State Administrative of work safety and guarantee deposits for issuance of bank bills which carry interest at market rates of 0.30% to 0.42% (2021: 0.30% to 0.42%) per annum.

Pledged term deposits were pledged to certain banks as security for loans and banking facilities granted to the Group, which carry fixed interest rate ranging from 0.55% to 3.10% (2021: 0.55% to 3.10%) per annum. The pledged term deposits will be released upon the settlement of relevant bank borrowings.

18. BILLS AND ACCOUNTS RECEIVABLES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Accounts receivables (at amortised cost)	6,897,000	6,684,333
Less: impairment loss	(339,187)	(505,005)
Bills receivables (at FVTOCI)	6,557,813	6,179,328
Less: impairment loss	4,503,471	7,423,806
	(1,344)	(1,027)
Total bills and accounts receivables, net	11,059,940	13,602,107

18. BILLS AND ACCOUNTS RECEIVABLES (Continued)

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.

As at 1 January 2021, the gross amount of bills and accounts receivables arising from contracts with customers amounted to RMB7,792,533,000.

As at 31 December 2022, the gross amount of bills and accounts receivables arising from contracts with customers amounted to approximately RMB11,494,767,000 (2021: RMB14,108,139,000).

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

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

	At 31 December	
	2022 RMB'000	2021 RMB'000
0 – 90 days	7,284,787	9,051,257
91 – 180 days	1,813,455	2,253,293
181 – 365 days	1,180,309	1,681,701
Over 1 year	781,389	615,856
	11,059,940	13,602,107

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed once a year.

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

For accounts receivables of approximately RMB952,436,000 (2021: RMB950,356,000) that are due from large and state-owned enterprises which have good credit rating and very rare past default payment history, the directors of the Company considered that there is no expected credit loss on these receivables as at 31 December 2022.

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18. BILLS AND ACCOUNTS RECEIVABLES (Continued)

The following table provides information about the exposure to credit risk and ECL for bills and accounts receivables from customers, other than those large and state-owned enterprises, which are assessed individually or collectively based on provision matrix as at 31 December 2022 and 2021.

As at 31 December 2022	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Accounts receivables – collective assessment			
– Within 1 year	0.10	5,165,544	5,090
– 1 – 2 years	4.06	197,953	8,030
– 2 – 3 years	4.80	99,945	4,798
– Over 3 years	37.42	128,270	48,003
		5,591,712	65,921
Accounts receivables – individual assessment		352,852	273,266
		5,944,564	339,187
Bills receivables	0.03	4,503,471	1,344
		10,448,035	340,531
As at 31 December 2021	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Accounts receivables – collective assessment			
– Within 1 year	0.10	4,855,350	4,829
– 1 – 2 years	2.90	204,480	5,938
– 2 – 3 years	5.85	97,001	5,677
– Over 3 years	100.00	44,422	44,422
		5,201,253	60,866
Accounts receivables – individual assessment	83.37	532,724	444,139
		5,733,977	505,005
Bills receivables	0.01	7,423,806	1,027
		13,157,783	506,032

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management to ensure relevant information about specific debtor is updated.

Receivable are written off if past due for more than 4 years and are not subject to enforcement activity. The Group does not hold collateral as security. During the year ended 31 December 2022, accounts receivables of approximately RMB17,936,000 (2021: RMB8,550,000) were written-off.

18. BILLS AND ACCOUNTS RECEIVABLES (Continued)

An analysis of the impairment loss on bills and accounts receivables for 2022 and 2021 are as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Balance at 1 January	506,032	501,078
Amounts written off as uncollectible	(17,936)	(8,550)
Provided for the year	7,557	17,620
Impairment loss reversed	(155,122)	(4,116)
Balance at 31 December	340,531	506,032

Included in bills and accounts receivables as at 31 December 2022 are balances of approximately RMB1,119,504,000 (2021: RMB1,623,629,000) that have been pledged to secure borrowings and banking facilities granted to the Group.

19. ROYALTY RECEIVABLE

	At 31 December	
	2022 RMB'000	2021 RMB'000
As at 1 January	1,019,884	1,107,497
Cash received	-	(17,346)
Exchange re-alignment	20,843	(87,029)
Change in fair value	57,589	16,762
As at 31 December	1,098,316	1,019,884
Presented as:		
Current portion	94,276	105,829
Non-current portion	1,004,040	914,055
	1,098,316	1,019,884

A right to receive a royalty of 4% of Free on Board trimmed sales from Middlemount Coal Pty Ltd (“Middlemount”) mine operated by Middlemount Joint Venture was acquired as part of the acquisition of Gloucester Coal Limited (“Gloucester”). This financial asset has been determined to have a finite life being the life of the Middlemount mine and is measured at fair value basis.

The royalty receivable is measured based on management expectations of the future cash flows at each reporting date with the re-measurement recorded in profit or loss. The amount expected to be received in the next 12 month is disclosed as current receivable and the expected future cash flow beyond 12 months is disclosed as a non-current receivable. Change in fair value is included in other income and gains.

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20. INVENTORIES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Work in progress	420,558	657,250
Finished goods	2,320,060	2,980,568
	2,740,618	3,637,818
Methanol	811,663	267,362
Auxiliary material, spare parts and small tools	2,651,304	1,908,706
Coal products	1,954,852	1,919,885
Iron ore	63,563	72,944
	8,222,000	7,806,715

During the year provision for inventories of RMB246,631,000 (2021: RMB37,649,000) had been made while no provision (2021: RMB40,443,000) had been reversed.

21. PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Advance to suppliers	4,159,277	4,920,798
Less: Impairment loss on advance to suppliers (note (i))	(30,737)	(30,397)
	4,128,540	4,890,401
Prepaid relocation costs of inhabitants	5,224,276	3,499,399
Other taxes	913,517	1,130,985
Dividend receivables	220,311	-
Loan receivables (note (ii))	5,345,064	7,788,118
Interest receivable	36,063	43,265
Other receivables	6,171,109	5,735,645
Less: Impairment loss on other receivables	(2,830,693)	(2,826,470)
	19,208,187	20,261,343

(i) An analysis of the impairment loss on advance to suppliers for 2022 and 2021 are as follows:

	2022 RMB'000	2021 RMB'000
Balance at 1 January	30,397	-
Provide for the year	340	30,397
Balance at 31 December	30,737	30,397

Advances will be written off, if aged over 4 years and considered irrecoverable by the management after considering the credit quality of the individual party and the nature of the amount.

21. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

- (ii) The loans receivables carried interest ranging from 3.5% to 4.05% (2021: 3.5% to 4.05%) per annum and are repayable within 12 months from the end of the reporting period.

The Group recognised lifetime ECL and 12-month ECL for other receivables based on the credit risk grading framework as follows:

As at 31 December 2022	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Other receivables – Performing	9.27	9,856,148	914,294
Other receivables – Default	100.00	1,916,399	1,916,399
		11,772,547	2,830,693

As at 31 December 2021	Average expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Other receivables – Performing	8.58	11,748,551	1,007,993
Other receivables – Default	100.00	1,818,477	1,818,477
		13,567,028	2,826,470

Movement in the impairment losses on other receivables is as follows:

	Lifetime ECL – non credit impaired RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
At 1 January 2021	619,916	1,716,830	2,336,746
Provided for the year	388,077	166,943	555,020
Impairment loss reversed	–	(51,688)	(51,688)
Impairment written off as uncollectible	–	(13,608)	(13,608)
At 31 December 2021 and 1 January 2022	1,007,993	1,818,477	2,826,470
Provided for the year	9,586	124,195	133,781
Impairment loss reversed	(40,387)	(26,273)	(66,660)
Impairment written off as uncollectible	(62,898)	–	(62,898)
At 31 December 2022	914,294	1,916,399	2,830,693

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22. INTANGIBLE ASSETS

	Mining reserves RMB'000	Mining resources (exploration and evaluation assets) RMB'000	Potash mineral exploration permit RMB'000	Technology RMB'000	Water licenses RMB'000	Others RMB'000	Total RMB'000
COST							
At 1 January 2021	78,500,712	4,275,441	1,324,312	703,102	762,346	1,801,464	87,367,377
Exchange re-alignment	(2,630,657)	(219,562)	(2,017)	(9,858)	(19,507)	(13,927)	(2,895,528)
Additions	7,282,300	-	-	119,178	28,511	9,671	7,439,660
Transfer from construction in progress	810,916	-	-	146,237	86,000	-	1,043,153
Disposal	(1,296,710)	-	-	-	(41,886)	(948)	(1,339,544)
At 31 December 2021 and 1 January 2022	82,666,561	4,055,879	1,322,295	958,659	815,464	1,796,260	91,615,118
Exchange re-alignment	685,718	51,098	488	2,296	4,813	3,456	747,869
Additions	-	-	-	7,832	-	19,913	27,745
Transfer from construction in progress	253,733	-	-	-	-	-	253,733
Disposals	(39,930)	-	-	-	-	(1,679)	(41,609)
At 31 December 2022	83,566,082	4,106,977	1,322,783	968,787	820,277	1,817,950	92,602,856
AMORTISATION AND IMPAIRMENT							
At 1 January 2021	14,302,683	129,182	-	49,183	20,754	151,370	14,653,172
Exchange re-alignment	(741,836)	-	-	(4,930)	-	(11,263)	(758,029)
Provided for the year	2,793,383	-	-	101,112	8,757	27,148	2,930,400
Impairment loss recognised in profit or loss	307,898	-	-	120,480	-	-	428,378
Eliminated on disposals	(1,162,488)	-	-	-	(4,265)	(849)	(1,167,602)
At 31 December 2021 and 1 January 2022	15,499,640	129,182	-	265,845	25,246	166,406	16,086,319
Exchange re-alignment	214,962	-	-	2,295	257	2,892	220,406
Provided for the year	2,751,018	-	-	102,634	11,963	13,934	2,879,549
Impairment loss recognised in profit or loss	788,998	-	-	-	26,140	827	815,965
Eliminated on disposals	(2,640)	-	-	-	-	(1,679)	(4,319)
At 31 December 2022	19,251,978	129,182	-	370,774	63,606	182,380	19,997,920
CARRYING VALUES							
At 31 December 2022	64,314,104	3,977,795	1,322,783	598,013	756,671	1,635,570	72,604,936
At 31 December 2021	67,166,921	3,926,697	1,322,295	692,814	790,218	1,629,854	75,528,799

The mining rights (mining reserves) are amortised based on unit of production method.

The mining resources is reclassified to mining reserves when the reserves are reasonably proved to be commercial available. It is stated at cost less impairment.

The potash mineral exploration permit is reclassified to mining resources or mining reserves according to its progress of exploration. Technology has not yet reached the stage of commercial application and therefore is not amortised. Patent is also included in technology and it is amortised on a straight line basis of 10 years over the useful life.

22. INTANGIBLE ASSETS (Continued)

Water licenses are amortised over the life of mine. If the mining activities of the relevant locations have not yet been started and the connections to water sources have not been completed, no amortisation will be provided.

Other intangible assets mainly represented capacity replacement right which is amortised on a straight line basis over the contractual term.

Amortisation expense of the mining rights for the year of RMB2,751,018,000 (2021: RMB2,793,383,000) has been included in cost of sales and services provided. Amortisation expense of other intangible assets for the year of RMB128,531,000 (2021: RMB137,017,000) has been included in selling, general and administrative expenses.

During the years ended 31 December 2022 and 2021, for cash generating unit with impairment indicator, the recoverable amount has been determined using the value-in-use method.

Value-in-use has been determined using a discounted cash flow model. The key assumptions to which the model is most sensitive include:

- Coal prices
- Foreign exchange rates, if applicable
- Production and capital costs
- Discount rate
- Coal reserves and resources

In determining the value assigned to each key assumption, management has used external sources of information and utilised the expertise of external consultants and/or experts within the Group to validate entity specific assumptions such as coal reserves and resources.

Production and capital costs are based on the Group's estimate of forecasted geological conditions, stage of existing plant and equipment and future production levels. The information is obtained from internally maintained budgets, the five year business plan, life of mine models, life of mine plans and project evaluations performed by the Group in its ordinary course of business.

The Group has applied a pre-tax discount rate ranged from 8%-12% (2021: 8%-12%) to discount the forecast cash flows. The pre-tax discount rate applied to the future cash flow forecasts represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. This rate is also consistent with the Group's five year business plan, life of mine models and project evaluations performed in ordinary course of business.

During the year ended 31 December 2022, impairment loss of RMB815,965,000 was recognized (2021: RMB428,378,000).

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23. PROPERTY, PLANT AND EQUIPMENT

	Freehold land in Australia RMB'000	Buildings RMB'000	Railway structures RMB'000	Mining structures RMB'000	Plant, machinery and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
COST							
At 1 January 2021	1,568,785	12,242,637	11,520,113	23,631,211	51,024,588	2,993,566	102,980,900
Exchange re-alignment	(123,500)	(91,374)	-	(903,268)	(1,465,392)	(5)	(2,583,539)
Additions	-	57,964	1,145,312	648,489	2,380,969	261,643	4,494,377
Transfers from construction in progress	-	1,471,325	2,086,418	453,862	7,775,913	2,626,709	14,414,227
Transfers to investment properties	-	-	-	-	1,129,357	-	1,129,357
Disposals	-	(474,234)	(277,702)	(335,411)	(1,262,072)	(1,836,936)	(4,186,355)
At 31 December 2021 and 1 January 2022	1,445,285	13,206,318	14,474,141	23,494,883	59,583,363	4,044,977	116,248,967
Exchange re-alignment	28,586	21,532	-	236,209	355,816	6	642,149
Additions	-	39,834	10,573	5,189,235	1,903,013	460,143	7,602,798
Transfers from construction in progress	-	642,699	1,263,408	393,972	5,768,625	296,969	8,365,673
Transfers from right-of-use assets	-	-	-	-	844,453	-	844,453
Disposals	-	(63,901)	(87,701)	(137,364)	(788,465)	(497,904)	(1,575,335)
At 31 December 2022	1,473,871	13,846,482	15,660,421	29,176,935	67,666,805	4,304,191	132,128,705
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
At 1 January 2021	-	2,583,620	3,442,713	7,131,090	22,209,719	2,097,537	37,464,679
Exchange re-alignment	-	(46,455)	-	(319,441)	(953,534)	(4)	(1,319,434)
Provided for the year	-	378,425	621,414	1,300,611	4,511,604	1,046,010	7,858,064
Transfer from right-of-use assets	-	-	-	-	227,371	-	227,371
Impairment loss recognised in profit or loss	-	-	-	-	44,758	4,900	49,658
Eliminated on disposals	-	(370,130)	(117,592)	(114,727)	(1,161,903)	(1,537,608)	(3,301,960)
At 31 December 2021 and 1 January 2022	-	2,545,460	3,946,535	7,997,533	24,878,015	1,610,835	40,978,378
Exchange re-alignment	-	12,110	-	100,488	199,755	4	312,357
Provided for the year	-	531,659	628,510	1,335,958	5,180,238	517,113	8,193,478
Transfers from right-of-use assets	-	-	-	-	588,931	-	588,931
Impairment loss recognised in profit or loss	-	4,765	-	542,838	195,815	-	743,418
Eliminated on disposals	-	(29,948)	(29,498)	(134,351)	(688,435)	(235,795)	(1,118,027)
At 31 December 2022	-	3,064,046	4,545,547	9,842,466	30,354,319	1,892,157	49,698,535
CARRYING VALUE							
At 31 December 2022	1,473,871	10,782,436	11,114,874	19,334,469	37,312,486	2,412,034	82,430,170
At 31 December 2021	1,445,285	10,660,858	10,527,606	15,497,350	34,705,348	2,434,142	75,270,589

23. PROPERTY, PLANT AND EQUIPMENT (Continued)

The following estimated useful lives are used for the depreciation of property, plant and equipment, other than freehold land:

Buildings	10 to 30 years
Railway structures	10 to 25 years
Plant, machinery and equipment	2.5 to 25 years
Transportation equipment	6 to 40 years

Transportation equipment includes vessels, harbor works and crafts which are depreciated over the estimated useful lives of 6 and 40 years respectively.

The mining structures include the main and auxiliary mine shafts and underground tunnels. Depreciation is provided to write off the cost of the mining structures using the units of production method based on the estimated production volume for which the structure was designed and the contractual period of the relevant mining rights.

At 31 December 2022, property, plant and equipment with carrying amount of approximately RMB2,102,220,000 (2021: RMB2,596,741,000) have been pledged to secure bank borrowings of the Group.

During the year ended 31 December 2022, impairment loss of RMB743,418,000 was recognized (2021: RMB49,658,000).

24. LEASES

(i) Right-of-use assets

	2022 RMB'000	2021 RMB'000
Buildings	1,681	3,932
Land use right	3,012,032	2,969,543
Plant, machinery and equipment	744,495	960,341
At 31 December	3,758,208	3,933,816

As at 31 December 2022, right-of-use assets of approximately RMB3,012,032,000 represents land use rights located in the PRC (2021: RMB2,969,543,000).

In addition, the Group has lease arrangements for buildings and plant, machinery and equipment. The lease terms are generally ranged from two to five years.

In respect of lease arrangement for renting certain production equipments, the Group has options to purchase the production equipments at a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Additions to the right-of-use assets for the year ended 31 December 2022 amounted to RMB464,432,000 due to new lease arrangements of land use right and, plant, machinery and equipment (2021: RMB478,422,000).

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24. LEASES (Continued)

(i) Right-of-use assets (Continued)

During the year ended 31 December 2022, right-of-use assets amounted to RMB255,522,000 (net of accumulated depreciation of RMB588,931,000) was transferred to property, plant and equipment.

During the year ended 31 December 2022, the Group early terminated certain leases and derecognised right-of-use assets amounted to RMB21,477,000 (2021: RMB616,616,000).

(ii) Lease liabilities

	2022 RMB'000	2021 RMB'000
Non-current	411,033	915,911
Current	170,239	184,117
	581,272	1,100,028
Amounts payable under lease liabilities	2022 RMB'000	2021 RMB'000
Within one year	170,239	184,117
After one year but within two years	202,738	404,095
After two years but within five years	208,295	511,816
	581,272	1,100,028
Less: Amount due for settlement within 12 months (shown under current liabilities)	(170,239)	(184,117)
Amount due for settlement after 12 months	411,033	915,911

During the year ended 31 December 2022, the Group entered into a number of new leases agreements in respect of renting plant, machinery and equipment and recognised lease liability of RMB464,432,000 (2021: RMB478,422,000).

During the year ended 31 December 2022, the Group early terminated certain leases and derecognised lease liabilities amounted to RMB21,477,000 (2021: RMB616,616,000).

(iii) Amounts recognised in profit or loss

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Depreciation expense on right-of-use assets	320,363	339,275
Impairment of right-of-use assets	125,996	-
Interest expense on lease liabilities	71,093	57,841
Expense relating to short-term leases	222,910	219,616

24. LEASES (Continued)

(iv) Other

During the year ended 31 December 2022, the total cash outflow for leases amounted to RMB1,255,714,000 (2021: RMB1,701,346,000).

25. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2021	1,389,163
Increase in fair value recognised in profit or loss	24,963
At 31 December 2021 and 1 January 2022	1,414,126
Increase in fair value recognised in profit or loss	46,980
Addition	10,624
At 31 December 2022	1,471,730

All of the Group's investment properties are situated in Mainland China.

The fair value of the Group's investment properties at 31 December 2022 and 31 December 2021 have been arrived at on the basis of a valuation carried out on that date by 山東中新資產評估有限公司 (Shandong Zhongxin Assets Appraisal Company Limited*), independent qualified professional valuers not connected with the Group.

* For identification only

The valuation was arrived at by reference to market evidence of transaction prices and rentals for similar properties in the similar locations and conditions. Details of valuation techniques and assumptions are discussed below. There has been no change from the valuation techniques used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

An analysis of the Group's investment properties that are measured subsequent to initial recognition at fair value grouped into fair value hierarchy level 3 based on the degree to which the inputs to fair value measurement is observable and the information about how the valuation has reached and the use of significant unobservable inputs are as follows:

	Fair value hierarchy	Fair value as at 31 December 2022	Valuation technique and key inputs	Significant unobservable inputs	Range of unobservable inputs	Relationship of significant unobservable inputs to fair value
Commercial investment properties	Level 3	RMB1,471,730,000 (2021: RMB1,414,126,000)	Market Comparison Approach	Adjusted market price	RMB14,500 to RMB55,000 (2021: RMB13,000 to RMB54,000) per square metre	The higher the adjusted market price, the higher the fair value
			- By reference to recent selling price of comparable properties and adjusted to reflect the time, size and location			

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26. CONSTRUCTION IN PROGRESS

	RMB'000
COST	
At 1 January 2021	20,635,959
Exchange re-alignment	(61,987)
Additions	7,427,668
Transfer to property, plant and equipment	(14,414,227)
Transfer to intangible assets	(1,043,153)
Loss on written-off	(633,626)
At 31 December 2021 and 1 January 2022	11,910,634
Exchange re-alignment	15,274
Additions	10,691,476
Transfer to property, plant and equipment	(8,365,673)
Transfer to intangible assets	(253,733)
Loss on written-off	(442,888)
At 31 December 2022	13,555,090

27. GOODWILL

	2022 RMB'000	2021 RMB'000
NET CARRYING VALUE		
At 1 January	1,720,498	1,754,149
Impairment during the year	-	(8,197)
Exchange re-alignment	5,848	(25,454)
At 31 December	1,726,346	1,720,498

27. GOODWILL (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Mining		
– Jining II	10,106	10,106
– Shandong Yanmei Shipping Co., Ltd	10,046	10,046
– Heze	35,645	35,645
– Shanxi Group	145,613	145,613
– Yancoal Resources	281,276	275,830
– Syntech	19,021	18,619
– Premier Coal and Wesfarmers Char	11,828	11,579
– Xintai	653,837	653,837
– Beisu and Yangcun	712,214	712,214
Coal Railway Transportation		
– Railway Assets	97,240	97,240
Electricity and heat supply		
– Hua Ju Energy	239,879	239,879
Machinery manufacturing		
– Donghua	409,204	409,204
Others		
– Yankuang Finance	16,966	16,966
– 東方盛隆	14,859	14,859
– 上海東江	75,567	75,567
Impairment loss	(1,006,955)	(1,006,706)
	1,726,346	1,720,498

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27. GOODWILL (Continued)

Business performance is reviewed by management on an individual business unit basis. In particular, each mine is considered to be a separate cash generating unit.

For the impairment testing of goodwill, the recoverable amounts of the cash generating units have been determined on the basis of value-in-use calculations. Value-in-use has been determined using a discounted cash flows model. Cash flow projections during the budget period are based on the budgeted revenue and expected gross margins during the budget period and the raw materials price inflation during the budget period. Expected cash inflows/outflows have been determined based on past performance and management's expectations for the market development. The future cash flows are highly dependent on the following unobservable inputs: forecast sales volumes and forecasted selling prices.

In determining each of the key inputs, management has used external sources of information and utilised the expertise of external consultants and experts within the Group to validate entity specific assumptions such as mining reserves and mining resources. Furthermore, in estimating future coal prices, the Group receives long term forecast coal price data from multiple externally verifiable sources when determining its coal price forecasts, making adjustments for specific coal quality factors. The long term forecast exchange rate is based on externally verifiable sources. Production and capital costs are based on the Group's estimate of forecasted geological conditions, stage of existing plant and equipment and future production levels. This information is obtained from internally maintained budgets, the five year business plan, life of mine models and project evaluations performed by the Group in its ordinary course of business.

The cash flow model was based on financial budgets approved by management covering a 5-year period with an assumption of pre-tax discount rate of ranged from 8% to 12% (2021: 8% to 12%). It represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset. Externally verifiable data received by the Group validates this assumption. For mining business units, the recoverable amount is also dependent on the estimated lives of mines ranged from 4 to 40 years (2021: 4 to 40 years). Which is calculated based on the Group's annual coal production forecast for each mine and mining reserves and mining resources. For non-coal business, the growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The management determined the gross margin ratio mainly based on past performance of the CGU and the management's expectations for the market development.

The cash flows beyond the 5-year period are extrapolated using a zero percent growth rate. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of each of the above units to exceed the recoverable amount of each of the above units.

No impairment loss on goodwill was recognised for the years ended 31 December 2022 (2021: RMB8,197,000).

28. INTERESTS IN ASSOCIATES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Cost of investments in associates	13,468,332	13,420,755
Share of post-acquisition profit and other comprehensive income, net of dividends	7,692,658	6,073,473
	21,160,990	19,494,228
Less: impairment	(6,158)	(6,158)
Carrying amount	21,154,832	19,488,070

Information of major associates is as follows:

Name of associate	Place of establishment and operation	Class of shares held	Principal Activity	Interest held at 31 December	
				2022	2021
Huadian Zouxian Power Generation Company Limited ("Huadian Zouxian") (note (i))	PRC	Registered capital	Electricity generation business	30%	30%
Shandong Shengyang Wood Co., Ltd	PRC	Registered capital	Artificial board, CCF processing	39.77%	39.77%
Jiemei Wall Materials Co., Limited	PRC	Registered capital	Coal refuse baked brick	20%	20%
Shanghai CIFCO Futures Co., Limited	PRC	Registered capital	Trading and consultation futures	33%	33%
Qilu Bank Co., Ltd. ("Qilu Bank")	PRC	Registered capital	Financial services	7.80%	7.80%
內蒙古伊泰呼准鐵路有限公司 ("伊泰") (note (ii))	PRC	Registered capital	Railway construction and transportation	18.94%	18.94%
兗礦售電有限公司	PRC	Registered capital	Sales of electricity	25%	25%
Port Waratah CoalServices Ltd ("PWCS")	Australia	Ordinary shares	Provision of coal receivable, blending, stockpiling and ship loading service	30%	30%
Zheshang Bank (note (ii))	PRC	Registered capital	Financial services	4.39%	4.39%
Linshang Bank (note (ii)) (note (iii))	PRC	Registered capital	Financial services	17%	18.33%
Shandong Yancoal Property Service Company Limited ("Yancoal Property Service")	PRC	Registered capital	Property management, garden greening engineering, sewage treatment and rental housing agency service	35%	35%

All of the above associates have been accounted for using equity method in the consolidated financial statements. Except for 伊泰, 兗礦售電有限公司, PWCS, Yancoal Property Service and Linshang Bank which are indirectly held by the Company, all associates are held by the Company directly. The interests held disclosed above for PWCS represented the equity interests held by Yancoal Australia.

- (i) Huadian Zouxian is a strategic partner of the Group.
- (ii) The Group considered that it has the practical ability to exercise significant influence on the associates even though it owns less than 20% of the ownership interest and voting right and take into account 1) the Group's ownership interest is significant relative to other shareholders due to the wide dispersion of shareholding interests; 2) the representation or right to appoint/nominate directors on the board of directors of the associates; and 3) the rights to participate in the policy-making process, including dividends and other distribution.
- (iii) During the year ended 31 December 2022, the Group's shareholding ratio decreased from 18.33% to 17% due to other shareholders' capital injection.

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28. INTERESTS IN ASSOCIATES (Continued)

Except for Qilu Bank and Zheshang Bank, all of the associates are private companies whose quoted market price is not available. As at 31 December 2022, the fair value of the shares of Qilu Bank and Zheshang Bank held by the Group at 31 December 2022 were approximately RMB1,490,024,000 (2021: RMB1,993,846,000) and RMB2,309,955,000 (2021: RMB2,517,109,000) respectively.

Summarised financial information in respect of the Group's material associates is set out below:

	Huadian Zouxian		伊泰	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Current assets	1,104,962	639,987	494,462	366,450
Non-current assets	3,940,352	4,255,667	11,430,673	11,430,673
Current liabilities	(1,540,739)	(1,705,899)	(940,450)	(834,980)
Non-current liabilities	(255,960)	(100,000)	(1,714,060)	(2,145,521)
Revenue	4,236,587	3,851,174	165,642	1,756,821
Profit (Loss) for the year	172,936	(308,971)	131,996	267,547
Other comprehensive expense for the year	-	-	-	(13,915)
Total comprehensive income (expense) for the year	172,936	(308,971)	131,996	253,632
Dividend shared by the Group and received from the associate during the year	-	41,648	34,281	-

	Linshang Bank	
	2022 RMB'000	2021 RMB'000
Current assets	112,375,732	122,472,285
Non-current assets	29,806,934	6,976,171
Current liabilities	(129,643,563)	(115,683,464)
Non-current liabilities	(1,841,474)	(3,636,690)
Revenue	3,868,376	3,431,663
Profit for the year	450,578	430,308
Other comprehensive (expense) income for the year	(67,010)	16,893
Total comprehensive income for the year	383,568	447,201
Dividend shared by the Group and received from the associate during the year	-	-

28. INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associates in respect of material associates recognised in the consolidated financial statements:

	Huadian Zouxian		伊泰	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Carrying amount of the Group's interest in the associate	984,543	926,926	2,159,397	2,166,466

	Linshang Bank	
	2022 RMB'000	2021 RMB'000
Carrying amount of the Group's interest in the associate	2,078,655	2,144,613

Note: Qilu Bank and Zheshang Bank are public companies traded on the National SME Equity Transfer System and Hong Kong Stock Exchange respectively. They are the material associates of the Group. Since the audited results of Qilu Bank for the year ended 31 December 2022 were not yet publicly available when these consolidated financial statements were approved, the relevant financial information of Qilu Bank were not presented. Furthermore, the financial information of Zheshang Bank were not disclosed as in the opinion of the directors of the Company, the disclosure of financial information of Zheshang Bank will provide an approximate range of the financial information of Qilu Bank prior to them become publicly available. Comparative amounts were not disclosed for consistency.

Aggregate information of Qilu Bank, Zheshang Bank and other associates that are not individually material.

	At 31 December	
	2022 RMB'000	2021 RMB'000
The Group's share of profit and total comprehensive income*	1,852,451	1,570,510
Aggregate carrying amount of the Group's interests in these associates*	15,932,237	14,250,065

* Included those of Qilu Bank and Zheshang Bank.

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29. INTERESTS IN JOINT VENTURES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Share of net assets	1,174,917	661,077

Name of joint venture	Place of establishment and operation	Class of shares held	Principal activity	At 31 December			
				2022		2021	
				Voting power	Interest held	Voting power	Interest Held
Australian Coal Processing Holdings Pty Ltd (i)	Australia	Ordinary shares	Investment Holding	50%	50%	50%	50%
Middlemount Joint Venture (i)	Australia	Ordinary shares	Coal mining and sales	50%	50%	50%	50%
Sheng Di Finlay Coal Processing Technology (Tianjin) Co., Ltd	PRC	Registered capital	Consultancy services for deep preprocess technology	50%	50%	50%	50%

The joint ventures are accounted for using equity method in the consolidated financial statements. All of the joint ventures are private companies and are not individually material to the Group.

Note (i): The interests held disclosed above represented the interests held by the Group through Yancoal Australia.

30. INTERESTS IN JOINT OPERATIONS

Information on major joint operations is as follows:

Name of joint operation	Place of establishment and operation	Principal activity	At 31 December	
			2022 Interest held	2021 Interest held
Boonal joint operation	Australia	Provision of a coal haul road and train load out facilities	50%	50%
Moolarben joint operation	Australia	Development and operation of open-cut and underground coal mines	95%	95%
Hunter Valley Australia Operation	Australia	Underground coal mines	51%	51%
Warkworth Coal Sales Pty Ltd	Australia	Development and operation of open-cut mines	84.5%	84.5%
Mount Thorley Joint Venture	Australia	Development and operation of open-cut mines	80%	80%

The above joint operations are established and operated as unincorporated businesses and are held indirectly by the Company. The interest held disclosed above represented the interest held by Yancoal Australia.

31. LONG-TERM RECEIVABLES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Current assets		
– Loan receivables (i)	4,653,177	1,472,349
– Less: impairment loss recognised	(62,607)	(26,997)
	4,590,570	1,445,352
Non-current assets		
– Loan to a joint venture (ii)	–	688,253
– Loan receivables (i)	1,770,030	4,494,533
– Others	1,623,698	1,479,160
– Less: impairment loss recognised	(304,386)	(318,854)
	3,089,342	6,343,092
	7,679,912	7,788,444

- (i) The loan receivables carry interest at 3.5% to 6.7% (2021: 3.5% to 6.7%) per annum and are secured by the machinery of the borrowers.
- (ii) As at 31 December 2021, loan to a joint venture represented an unsecured interest-free loan to Middlemount Joint Venture of AUD148,908,000 (equivalent to approximately RMB688,253,000). Such amount was fully repaid during the current year.

During the year ended 31 December 2022 and 2021, in determining the ECL for these assets, the directors of the Company have taken into account the historical default experience, the financial position of the counterparties as well as the future prospects of the industries in which the debtors operate obtained from available market data considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for these receivables.

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31. LONG-TERM RECEIVABLES (Continued)

An analysis of the gross amount of long-term receivables is as follows:

	12-month ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
Gross amount as at 31 December 2022				
– Performing	5,420,867	–	–	5,420,867
– Doubtful	–	2,507,543	–	2,507,543
– Default	–	–	118,495	118,495
	5,420,867	2,507,543	118,495	8,046,905
	12-month ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
Gross amount as at 31 December 2021				
– Performing	5,938,131	–	–	5,938,131
– Doubtful	–	2,096,949	–	2,096,949
– Default	–	–	99,215	99,215
	5,938,131	2,096,949	99,215	8,134,295

The movements in the impairment allowance for the long-term receivables during the year are as follows:

	12-month ECL RMB'000	Lifetime ECL RMB'000	Lifetime ECL – credit impaired RMB'000	Total RMB'000
At 1 January 2021	130,023	39,345	167,389	336,757
Provided for the year	2,709	85,977	26,600	115,286
Impairment loss reversed	(27,840)	(15,868)	(55,663)	(99,371)
Exchange realignment	–	–	(6,821)	(6,821)
At 31 December 2021 and 1 January 2022	104,892	109,454	131,505	345,851
Provided for the year	50,144	–	19,280	69,424
Impairment loss reversed	(42,920)	(3,774)	–	(46,694)
Exchange realignment	–	–	(1,588)	(1,588)
At 31 December 2022	112,116	105,680	149,197	366,993

32. INVESTMENTS IN SECURITIES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Financial assets at FVTPL		
Unlisted equity securities, at fair value (i)	534,721	494,188
Financial assets at FVTOCI		
Equity securities listed on the SSE, at fair value (ii)	441	349
Unlisted equity securities, at fair value (i)	126,322	99,646
	126,763	99,995
	661,484	594,183

- (i) These unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. Part of these investments in equity instruments, amounting to approximately RMB126,322,000 (2021: RMB99,646,000), are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The remaining investments of approximately RMB534,721,000 (2021: RMB494,188,000) are classified and measured as at FVTPL.

- (ii) As at 31 December 2022 and 2021, the investments in equity securities listed on the Shanghai Stock Exchange (the "SSE") are carried at fair value which are determined based on the quoted market prices in active market.

33. ASSETS CLASSIFIED AS HELD FOR SALE

	At 31 December	
	2022 RMB'000	2021 RMB'000
Land held for sale	8,061	7,904

The balance at 31 December 2022 and 2021 represented parcels of freehold non-mining land that is held for future sale in Australia.

34. BILLS AND ACCOUNTS PAYABLES

	At 31 December	
	2022 RMB'000	2021 RMB'000
Accounts payable	15,658,896	12,305,428
Bills payable	10,782,641	10,690,495
	26,441,537	22,995,923

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34. BILLS AND ACCOUNTS PAYABLES (Continued)

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

	At 31 December	
	2022 RMB'000	2021 RMB'000
0 – 90 days	16,003,324	13,690,406
91 – 180 days	3,710,916	3,174,587
181 – 365 days	3,478,983	2,976,175
Over 1 year	3,248,314	3,154,755
	26,441,537	22,995,923

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

35. OTHER PAYABLES AND ACCRUED EXPENSES AND CONTRACT LIABILITIES

Other payables and accrued expenses

	At 31 December	
	2022 RMB'000	2021 RMB'000
Accrued staff costs	2,110,212	2,192,628
Other taxes payable	1,679,492	2,283,635
Payables in respect of purchases of property, plant and equipment and construction materials	47,824	42,443
Security deposits received	495,864	581,020
Deposits received from customers in relation to financing business	11,245,221	24,890,403
Interest payable	650,799	883,232
Dividends payable	3,544	13,940
Payables for acquisition of subsidiaries/associates	429,089	493,741
Others	5,030,531	5,266,247
	21,692,576	36,647,289
	2022	2021
	RMB'000	RMB'000
Contract liabilities	4,833,680	4,982,639

As at 1 January 2021, contract liabilities amounted to RMB3,176,540,000.

Contract liabilities include advances received to deliver goods and advances received to render transportation services. The increase in contract liabilities was in line with the increase in sales transactions and more deposits are received in 2022.

Revenue recognised during the year ended 31 December 2022 that was included in the contract liabilities as at 31 December 2021 in the current year is RMB4,982,639,000 (2021: RMB3,058,759,000). There was no revenue recognised that related to performance obligations that were satisfied in prior year.

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

	2022 RMB'000	2021 RMB'000
Balance at 1 January	4,659,123	3,423,249
Exchange re-alignment	93,182	(271,506)
Additional provision in the year	5,665,930	1,647,343
Utilisation of provision	(115,177)	(139,963)
Balance at 31 December	10,303,058	4,659,123
Presented as:		
Current portion	1,113,609	966,925
Non-current portion	9,189,449	3,692,198
	10,303,058	4,659,123

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

37. PROVISION

	At 31 December	
	2022 RMB'000	2021 RMB'000
Current provision		
– Take or pay provision (note (i))	20,120	16,222
– Onerous contract provision (note (ii))	39,618	36,473
	59,738	52,695
Non-current provision		
– Take or pay provision (note (i))	47,429	46,505
– Onerous contract provision (note (ii))	133,596	162,044
– Employee benefits (note (iii))	544,841	501,671
– Others	50,384	405,619
	776,250	1,115,839
	835,988	1,168,534

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37. PROVISION (Continued)

Notes:

- (i) Take or pay provision, which arose from business combination in prior years, is the assessment of forecast excess capacity for port and rail contracts. A provision was recognised for the discounted estimated excess capacity. The provision is released to profit or loss over the period in which excess capacity is realised.
- (ii) The onerous contract provision, is the assessment of a coal supply and transportation agreement to supply coal at below market prices. A provision was recognised for the discounted estimated variance between contract and market prices. The provision has a finite life and will be released to profit or loss over the contract term.
- (iii) The balance mainly included provision for long-term employee entitlements and other employee incentives.

38. BORROWINGS

	At 31 December	
	2022 RMB'000	2021 RMB'000
Current liabilities		
Bank borrowings		
– Unsecured borrowings (i)	5,777,026	12,027,818
– Secured borrowings (ii)	5,797,498	5,520,592
Guaranteed notes (iii)	3,475,868	7,656,980
Corporate bond (iv)	299,925	–
	15,350,317	25,205,390
Non-current liabilities		
Bank borrowings		
– Unsecured borrowings (i)	21,413,300	25,303,593
– Secured borrowings (ii)	16,810,794	22,712,798
Guaranteed notes (iii)	11,117,882	14,138,800
Corporate bonds (iv)	9,674,525	9,968,200
Other unsecured borrowing (v)	–	3,646,508
Other secured borrowings (vi)	1,796,844	2,424,808
	60,813,345	78,194,707
Total borrowings	76,163,662	103,400,097

38. BORROWINGS (Continued)

- (i) Unsecured borrowings are repayable as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Within one year	5,777,026	12,027,818
More than one year, but not exceeding two years	13,989,300	6,188,377
More than two years, but not exceeding five years	3,041,000	17,415,216
More than five years	4,383,000	1,700,000
	27,190,326	37,331,411

At 31 December 2022, included in unsecured borrowings are short-term borrowings amounting to approximately RMB5,777,026,000 (2021: RMB12,027,818,000) which carrying interest at 3.45% to 3.66% per annum (2021: 3.55% to 8% per annum).

Long-term borrowings of the Group amounting to approximately RMB21,413,300,000 (2021: RMB25,303,593,000) carrying interest at 2.8% to 5.9% per annum (2021: 3.7% to 5.9% per annum).

- (ii) Secured borrowings are repayable as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Within one year	5,797,498	5,520,592
More than one year, but not exceeding two years	8,105,541	4,197,253
More than two years, but not exceeding five years	6,263,360	16,120,408
More than five years	2,441,893	2,395,137
Total	22,608,292	28,233,390

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38. BORROWINGS (Continued)

(ii) Secured borrowings are repayable as follows: (Continued)

At 31 December 2022, secured borrowings of Yancoal Australia were amounting to RMB2,316,894,000 (approximately USD333,000,000) (2021: RMB7,543,696,000 (approximately USD1,183,195,000)). Such borrowings carried interest at three-month London Interbank Offered Rate (“LIBOR”) plus a margin of 2.8% (2021: three-month London Interbank Offered Rate (“LIBOR”) plus a margin of 2.8% or three-month LIBOR plus a margin of 3.25%) per annum, approximately 3.04% (2021: 3.05% to 3.5%) per annum as at 31 December 2022.

As at 31 December 2022, the secured borrowings of Yancoal International were amounting to approximately RMB2,855,487,000 (approximately USD410,000,000) (2021: RMB2,614,038,000 (approximately USD410,000,000)) which carried interest at LIBOR plus a margin of 1.8% per annum, approximately 2.04% (2021: 2% to 2.05%) per annum.

At 31 December 2022, secured borrowings of Premier Coal Limited and Premier Holdings Pty., Ltd., were amounted to RMB147,672,000 (AUD31,328,000) (2021: RMB135,937,000 (AUD29,411,000)) which carried interest at 8.7% (2021: 8.7%) per annum.

Other than the above, at 31 December 2022, secured borrowings of the Group amounting to RMB17,288,239,000 (2021: RMB17,939,719,000) of which RMB1,044,690,000 (approximately USD150,000,000) (2021: RMB3,549,302,000 (approximately USD556,692,000)) was denominated in foreign currency. Such borrowings carried interest at 3.92% to 6.7% (2021: 0.66% to 8%) per annum.

As at 31 December 2022 and 2021, certain of the borrowings of the Group were secured by the Group’s interests in certain overseas subsidiaries and joint operations.

38. BORROWINGS (Continued)

(iii) Guaranteed notes are detailed as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Guaranteed notes denominated in RMB repayable within one year	–	6,994,200
Guaranteed notes denominated in USD repayable within one year	3,475,868	662,780
Guaranteed notes denominated in RMB repayable within one to two years	3,047,342	–
Guaranteed notes denominated in USD repayable within one to two years	2,080,307	3,174,896
Guaranteed notes denominated in RMB repayable within two to five years	5,990,233	9,064,031
Guaranteed notes denominated in USD repayable within two to five years	–	1,899,873
	14,593,750	21,795,780

On 16 May 2012, USD guaranteed notes with par value of USD1,000,000,000 in aggregate were issued by a subsidiary of the Company. The notes are unconditionally secured by the Company and is non-cancellable. As at 31 December 2021, guaranteed notes with par value of USD103,954,000 (approximately RMB662,780,000) bearing interest at 5.730% per annum remained outstanding. Such guaranteed notes are fully repaid in current year.

In 2012, with the approval from China Securities Regulatory Commission, the Company had issued RMB notes with aggregate par value of RMB5,000,000,000 to the public and institutional investors. An unconditional and irrevocable corporate guarantee was provided by the Parent Company on the RMB notes. At 31 December 2021, RMB notes of RMB3,995,200,000 bearing interest at 4.95% per annum remained outstanding. Such guaranteed notes are fully repaid in current year.

In 2014, with the approval from China Securities Regulatory Commission, the Company was allowed to issue 10-year RMB notes at RMB3,050,000,000 with interest rate of 6.15% per annum. At 31 December 2022, 10-year notes amounted to RMB3,047,342,000 (2021: RMB3,044,342,000) remained outstanding.

In November 2020, USD guaranteed notes with par value of USD500,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2022, guaranteed notes with par value of USD500,000,000 (approximately RMB3,475,868,000) (2021: approximately RMB3,174,896,000) will mature in 2023 with interest rate of 3.5% per annum. The notes are unconditionally guaranteed by Yancoal Australia.

In May 2021, RMB guaranteed notes with par value of RMB3,000,000,000 in aggregate were issued by the Company. As at 31 December 2022, guaranteed notes of RMB2,995,533,000 (2021: RMB2,993,133,000) with interest rate of 3.74% per annum will mature in 2024. The notes are unconditionally guaranteed by the Company.

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38. BORROWINGS (Continued)

(iii) Guaranteed notes are detailed as follows: (Continued)

In May 2021, RMB guaranteed notes with par value of RMB1,000,000,000 in aggregate were issued by the Company. As at 31 December 2022, guaranteed notes of RMB998,200,000 (2021: RMB997,700,000) with interest rate of 4.13% per annum will mature in 2026. The notes are unconditionally guaranteed by the Company.

In July 2021, RMB guaranteed notes with par value of RMB2,000,000,000 in aggregate were issued by the Company. As at 31 December 2022, guaranteed notes of RMB1,996,500,000 (2021: RMB2,028,856,000) with interest rate of 3.80% per annum will mature in 2026. The notes are unconditionally guaranteed by the Company.

In August 2021, the Company issued three tranches short-term notes at par value of RMB3,000,000,000 with 9 months maturity at an interest rate 2.80% per annum. As at 31 December 2021, the remaining amount of medium-term notes is approximately RMB2,999,000,000. Such short-term notes are fully repaid in current year.

In November 2021, USD guaranteed notes with par value of USD300,000,000 in aggregate were issued by a subsidiary of the Company. As at 31 December 2022, guaranteed notes with par value of USD300,000,000 (approximately RMB2,080,307,000) (2021: USD300,000,000 (approximately RMB1,899,873,000)) with interest rate of 2.90% per annum will mature in 2024. The notes are unconditionally guaranteed by the Company.

(iv) Corporate bonds are detailed as follows:

	At 31 December	
	2022	2021
	RMB'000	RMB'000
Bond denominated in RMB repayable within one year	299,925	–
Bonds denominated in RMB repayable within two to five years	2,693,925	2,993,600
Bonds denominated in RMB repayable after five years	6,980,600	6,974,600
	9,974,450	9,968,200

In 2020, the Company issued bonds with a total principal amount of RMB10,000,000,000. The first phase of the bonds was issued in March 2020 with an aggregate principal amount of RMB5,000,000,000 in three series: (i) RMB300,000,000 with maturity period of 3 years and annual interest rate of 2.99%; (ii) RMB2,700,000,000 with maturity period of 5 years and annual interest rate of 3.43%; (iii) RMB2,000,000,000 with maturity period of 10 years and annual interest rate of 4.29%. The second phase of the bonds was issued in October 2020 with an aggregate principal amount of RMB5,000,000,000 in two series: (i) RMB3,500,000,000 with maturity period of 15 years and annual interest rate of 3.89%; (ii) RMB1,500,000,000 with maturity period of 10 years and annual interest rate of 4.27%. The bonds are unsecured. As at 31 December 2022, the aggregate outstanding principal amount of the bonds is RMB10,000,000,000 (2021: RMB10,000,000,000).

38. BORROWINGS (Continued)

(v) Other unsecured borrowing is detailed as follows:

In March 2021, Yancoal Australia borrowed USD775,000,000 from the Parent Company. As at 31 December 2021, the unsecured borrowing of Yancoal Australia was amounting to RMB3,646,508,000 (approximately USD571,938,000) which carried interest at 4.65% per annum. The balance was fully repaid during the year.

(vi) Other secured borrowings are detailed as follows:

As at 31 December 2022, the unsecured borrowings of the Group were amounting to RMB1,796,844,000 (2021: RMB2,424,800,000) which carried interest at 4.65% (2021: 4.65%) per annum.

39. FINANCIAL ASSETS/LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Current asset		
Unlisted debt investments	1,437	150,481
Current liability		
Derivatives not for hedge – Interest rate swaps	634,537	59,132

40. LONG-TERM PAYABLES

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Intangible assets payable (i)	3,466,978	3,550,206
Non-contingent royalty payable	19,237	27,601
Others (ii)	1,546,381	47,315
	5,032,596	3,625,122
Analysed for financial reporting purpose:		
Current Portion	584	1,518
Non-current portion	5,032,012	3,623,604
Total	5,032,596	3,625,122

Notes:

- (i) Intangible assets payable represented the consideration for acquisition of mining rights. The amount is payable by the Group by installments from 2019 to 2049.
- (ii) Included in the balance was an interest-free, unsecured advance of RMB1,500,000,000 made by an independent third party.

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41. DEFERRED TAXATION

Deferred tax assets (liabilities) of the Group and the movements thereon for both reporting periods are:

	Financial assets at fair value RMB'000	Mining rights (mining reserves) RMB'000	Temporary differences RMB'000	Tax losses RMB'000	Cash flow hedge reserve RMB'000	Total RMB'000
As at 1 January 2021	(2,960)	(8,455,954)	(864,369)	2,793,323	108,143	(6,421,817)
Exchange re-alignment	-	378,024	(130,477)	(119,000)	(11,567)	116,980
Charged to equity	-	-	(462,697)	-	-	(462,697)
Credit to other comprehensive income	229	-	-	-	18,411	18,640
Credit (charge) to the consolidated statement of profit or loss	-	459,291	(23,356)	(1,085,984)	-	(650,049)
Balance at 31 December 2021 and 1 January 2022	(2,731)	(7,618,639)	(1,480,899)	1,588,339	114,987	(7,398,943)
Exchange re-alignment	-	(85,141)	133,404	(204,219)	86,403	(69,553)
Credit to other comprehensive income	5	-	-	-	(4,980)	(4,975)
Credit (charge) to the consolidated statement of profit or loss	-	714,230	(374,691)	(294,483)	-	45,056
Balance at 31 December 2022	(2,726)	(6,989,550)	(1,722,186)	1,089,637	196,410	(7,428,415)

The temporary differences mainly arose from unpaid provision of salaries and wages, provisions of compensation fees for mining rights and land subsidence, restoration, rehabilitation and environmental costs and also included payments on certain expenses such as exploration costs and certain income in Australia.

The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Deferred tax assets	2,035,947	2,779,837
Deferred tax liabilities	(9,464,362)	(10,178,780)
	(7,428,415)	(7,398,943)

At the reporting date, the Group has unused tax losses of approximately RMB11,352 million (2021: RMB11,652 million) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB4,861 million (2021: RMB6,410 million) for such tax losses. No deferred tax asset has been recognised in respect of tax losses of approximately RMB6,491 million (2021: RMB5,242 million) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB1,586 million, RMB601 million, RMB134 million, RMB2,079 million and RMB2,091 million (2021: RMB673 million, RMB1,755 million, RMB601 million, RMB134 million and RMB2,079 million) that will be expiring in 2023, 2024, 2025, 2026 and 2027 (2021: 2022, 2023, 2024, 2025 and 2026) respectively.

41. DEFERRED TAXATION (Continued)

By reference to financial budgets, management believes that there will be sufficient future profits for the realisation of deferred tax assets which have been recognised in respect of tax losses.

42. SHAREHOLDERS' EQUITY

Share capital

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

	Domestic invested shares A shares	Foreign invested shares H shares	Total
Number of shares			
At 1 January 2021	2,960,000,000	1,900,000,000	4,860,000,000
Issue of shares upon exercise of share options (note i)	14,184,060	-	14,184,060
At 31 December 2021 and 1 January 2022	2,974,184,060	1,900,000,000	4,874,184,060
Issue of shares upon exercise of share options (note ii)	12,779,580	-	12,779,580
Issue of shares under the restricted share incentive scheme (note ii)	61,740,000	-	61,740,000
At 31 December 2022	3,048,703,640	1,900,000,000	4,948,703,640
Registered, issued and fully paid			
At 1 January 2021	2,960,000	1,900,000	4,860,000
Issue of shares upon exercise of share options (note i)	14,184	-	14,184
At 31 December 2021 and 1 January 2022	2,974,184	1,900,000	4,874,184
Issue of shares upon exercise of share options (note ii)	12,780	-	12,780
Issue of shares under the restricted share incentive scheme (note ii)	61,740	-	61,740
At 31 December 2022	3,048,704	1,900,000	4,948,704

Each share has a par value of RMB1.

Note:

- (i) During the year ended 31 December 2021, 14,184,060 ordinary shares of RMB1 each were issued upon the exercise of share options. The total consideration was approximately RMB128,461,000 and resulted in the increase in share capital and share premium of approximately RMB14,184,000 and RMB114,277,000 respectively. The share-based compensation reserve has been decreased by approximately RMB31,347,000 and was transferred to share premium.
- (ii) During the year ended 31 December 2022, 74,519,580 ordinary shares of RMB1 each were issued upon the exercise of share options and under the Restricted Share Incentive Scheme. The total consideration was approximately RMB806,916,000 and resulted in the increase in share capital and share premium of approximately RMB74,520,000 and RMB756,022,000 respectively. The share-based compensation reserve has been decreased by approximately RMB23,626,000 and was transferred to share premium.

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42. SHAREHOLDERS' EQUITY (Continued)

Reserves

Future Development Fund

Pursuant to regulation in the PRC, the Company, Shanxi Tianchi and Heze are required to transfer an annual amount to a future development fund at RMB6 per tonne of raw coal mined (Xintai, Ordos, Shaanxi Future Energy and Inner Mongolia Mining: RMB10.5 per tonne of raw coal mined). The fund can only be used for the future development of the coal mining business and is not available for distribution to shareholders.

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

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

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

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

42. SHAREHOLDERS' EQUITY (Continued)

Reserves (Continued)

Statutory Common Reserve Fund

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

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

Retained earnings

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

As at 31 December 2022, the distributable reserve of the Company is approximately RMB41,793,364,000.

43. PERPETUAL CAPITAL SECURITIES

	RMB'000
At 1 January 2021	5,217,667
Issuance of perpetual capital security	7,984,270
Dividend to holders of perpetual capital security	178,664
Distribution paid to holders of perpetual capital security	(262,501)
Redemption of perpetual capital security (i)	(5,000,000)
At 31 December 2021 and 1 January 2022	8,118,100
Issuance of perpetual capital security	4,990,400
Dividend to holders of perpetual capital security	461,944
Distribution paid to holders of perpetual capital security	(321,830)
At 31 December 2022	13,248,614

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43. PERPETUAL CAPITAL SECURITIES (Continued)

Notes:

- (i) The Company issued 6% perpetual capital securities with par value of RMB5,000,000,000 on 26 March 2018. Coupon payments of 6% per annum on the perpetual capital securities are paid once a year. The perpetual capital securities has no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity. During the year ended 31 December 2021, the Group has redeemed these perpetual securities at their principal amount.
- (ii) The Company issued 3.99% and 4.40% perpetual capital securities with par value RMB1,700,000,000 and RMB3,300,000,000 respectively, on 22 June 2021. Coupon payments of 3.99% and 4.40% per annum on the perpetual capital securities are paid once a year. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.
- (iii) The Company issued 3.54% perpetual capital securities with par value RMB1,000,000,000, on 20 August 2021. Coupon payments of 3.54% per annum on the perpetual capital securities are paid once a year. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.
- (iv) The Company issued 3.67% perpetual capital securities with par value RMB2,000,000,000, on 26 November 2021. Coupon payments of 3.67% per annum, which will be reset every 3 years, on the perpetual capital securities are paid in arrears. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.
- (v) The Company issued 3.28% and 3.71% 2022 perpetual capital securities with par value RMB2,500,000,000 and RMB500,000,000 respectively, on 19 May 2022. Coupon payments of 3.28% and 3.71% per annum on the perpetual capital securities are paid once a year. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.
- (vi) The Company issued 3.30% perpetual capital securities with par value RMB2,000,000,000 on 8 June 2022. Coupon payments of 3.30% per annum on the perpetual capital securities are paid once a year. These perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group at their principal amounts together with any accrued, unpaid or deferred coupon interest payments. In addition, while any coupon payments are unpaid or deferred, the Company undertakes not to declare, pay any dividends nor to make any distributions or similar periodic payments in respect of, or repurchase, redeem or otherwise acquire any securities of lower or equal rank. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorised as equity.

44. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the borrowings, perpetual capital securities and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company assess the annual budget prepared by the accounting and treasury department and consider and evaluate the cost of capital and the risks associated with each class of capital. The Group will balance its capital structure through the payment of dividends, issue of new shares and new debts or the repayment of existing debts.

45. FINANCIAL INSTRUMENTS

45a. Categories of financial instruments

	At 31 December	
	2022 RMB'000	2021 RMB'000
Financial assets		
Financial assets at amortised cost	72,859,529	70,280,797
Financial assets at FVTOCI		
– Bills receivables	4,502,127	7,422,779
– Listed equity instruments at FVTOCI	441	349
– Unlisted equity instruments at FVTOCI	126,322	99,646
Financial assets at FVTPL		
– Unlisted equity instruments at FVTPL	534,721	494,188
– Royalty receivable	1,098,316	1,019,884
– Unlisted debt investments	1,437	150,481
Financial liabilities		
Financial liabilities at amortised cost	130,981,387	167,078,755
Financial liabilities at FVTPL		
– Derivative financial instruments	634,537	59,132

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45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies

The Group's major financial instruments include investments in securities, bills and accounts receivable, royalty receivables, other receivables, bank balances and cash, pledged term deposits, restricted cash, long-term receivables, derivative financial instruments, bills and accounts payables, other payables, long-term payables, borrowings, amounts due to Parent Company and its subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. As at 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 53.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group maintains its cash and cash equivalents with reputable banks. Therefore, the directors consider that the credit risk for such is minimal.

The Group generally grants the customers with long-relationship credit terms not exceeding 180 days, depending on the situations of the individual customers. For small to medium sized new customers, the Group generally requires them to pay for the products before delivery.

For accounts and bills receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the operation management committee uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Bills and accounts receivables	Other financial assets/other items
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	Lifetime ECL – not credit impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date (refer to as Stage 1)	Lifetime ECL – not credit impaired	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL – not credit impaired	Lifetime ECL – not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades are disclosed in respective notes.

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45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Credit risk (Continued)

Details of the accounts receivable from the five customers with the largest gross receivable balances at 31 December 2022 and 2021 are as follows:

	Percentage of accounts receivable At 31 December	
	2022	2021
Five largest receivable balances	31.23%	23.39%

The management considers the strong financial background and good creditability of these customers, and there is no significant uncovered credit risk.

Market risk

(i) Currency risk

The Group's sales are denominated mainly in the functional currency of the relevant group entity making the sale, whilst costs are mainly denominated in the group entity's functional currency. Accordingly, there is no significant exposure to transactional foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities in currencies other than the functional currencies of the relevant group entities at the reporting date are as follows:

	Liabilities		Assets	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
USD	14,775,025	42,955,025	7,722,479	32,502,458
EUR ("EUR")	-	-	10,161	42,408
Hong Kong Dollar ("HKD")	93,827	583	2,877	2,320
Australian Dollar ("AUD")	-	-	199,797	9,094

The sales of the Group's subsidiaries in Australia are mainly export sales and some of their fixed assets are imported from overseas. Their foreign exchange exposures are hedged by foreign currency denominated borrowings. The Group's operations in the PRC do not adopt any foreign exchange hedging policy.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

 (i) *Currency risk (Continued)*
Sensitivity analysis

The Group is mainly exposed to the fluctuation against the currency of USD.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against relevant foreign currencies. 5% represents management's assessment of reasonably possible changes in foreign exchange rates over the period until the next reporting date. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates and also assumes all other risk variables remained constant. The sensitivity analysis includes loans of foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower.

	USD impact (note (i))	
	2022 RMB'000	2021 RMB'000
(Decrease) increase in profit		
– if RMB weakens against respective foreign currency	(44,727)	(57,792)
– if RMB strengthens against respective foreign currency	44,727	57,792
	USD impact (note ii)	
	2022 RMB'000	2021 RMB'000
(Decrease) increase in profit		
– if AUD weakens against respective foreign currency	80,174	419,779
– if AUD strengthens against respective foreign currency	(80,174)	(419,779)

Notes:

- (i) This is mainly attributable to the exposure of the Group's outstanding bank deposit and loans denominated in USD.
- (ii) This is mainly attributable to the exposure of the Group's outstanding bank borrowings in foreign currency designated as cash flow hedge.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

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45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, pledged term deposits, restricted cash (note 17) and variable rate borrowings (note 38).

The Group's exposures to interest rate risk on financial assets and financial liabilities are detailed in the liquidity risk section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the People's Bank of China ("PBOC") arising from the Group's RMB borrowings and the LIBOR arising from the Group's USD borrowings.

Sensitivity Analysis

The following table details the Group's sensitivity to a change of 100 basis points in the interest rate, assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year and all the variables were held constant.

	2022 RMB'000	2021 RMB'000
(Decrease) increase in profit or loss		
– if increases by 100 basis points	(139,838)	(166,090)
– if decreases by 100 basis points	139,838	166,090

(iii) Other price risk

In addition to the above risks relating to financial instruments, the Group is exposed to equity price risk through investment in listed equity securities. The Group currently does not have any arrangement to hedge the price risk exposure of its investment in equity securities. The Group's exposure to equity price risk through investment in listed equity securities is not significant.

45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Within 1 years or on demand RMB'000	1-5 years RMB'000	5+ years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 December RMB'000
2022					
Non-derivative financial liabilities					
Bills and accounts payable	26,441,537	-	-	26,441,537	26,441,537
Other payables	20,013,084	-	-	20,013,084	20,013,084
Amounts due to Parent Company and its subsidiary companies	3,330,508	-	-	3,330,508	3,330,508
Guaranteed notes	4,056,479	11,505,561	-	15,562,040	14,593,750
Bank borrowings	11,866,548	37,999,210	4,104,384	53,970,142	49,798,618
Other borrowings	102,514	1,880,472	-	1,982,986	1,796,844
Corporate bonds	679,272	3,945,514	8,432,982	13,057,768	9,974,450
Long term payable	48,912	1,509,056	8,866,711	10,424,679	5,032,596
	66,538,846	56,839,813	21,404,077	144,782,744	130,981,387
Financial liabilities at fair value through profit or loss	634,537	-	-	634,537	634,537
Financial guarantees issued					
Maximum amount guaranteed (note)	4,433,836	-	-	4,433,836	-

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45. FINANCIAL INSTRUMENTS (Continued)

45b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	Within 1 years or on demand RMB'000	1-5 years RMB'000	5+ years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount at 31 December RMB'000
2021					
Non-derivative financial liabilities					
Bills and accounts payable	22,995,923	-	-	22,995,923	22,995,923
Other payables	34,363,654	-	-	34,363,654	34,363,654
Amounts due to Parent Company and its subsidiary companies	2,693,959	-	-	2,693,959	2,693,959
Guaranteed notes	7,812,389	14,911,040	-	22,723,429	21,795,780
Bank borrowings	17,935,311	49,870,516	9,861,086	77,666,913	65,564,801
Other borrowings	431,187	6,664,910	-	7,096,097	6,071,316
Corporate bonds	-	3,101,580	7,286,000	10,387,580	9,968,200
Long term payable	388,976	1,256,240	7,226,339	8,871,555	3,625,122
	86,621,399	75,804,286	24,373,425	186,799,110	167,078,755
Financial liabilities at fair value through profit or loss	59,132	-	-	59,132	59,132
Financial guarantees issued					
Maximum amount guaranteed (note)	4,042,829	-	-	4,042,829	-

Additional information about the maturity of lease liabilities is provided in the following table:

	Within 1 years RMB'000	1-5 years RMB'000	5+ years RMB'000	Total RMB'000	Carrying amount RMB'000
As at 31 December 2022	199,030	420,253	38,335	657,618	581,272
As at 31 December 2021	209,376	1,442,301	188,772	1,840,449	1,100,028

Note: the amount presented is the maximum contractual presented under guarantees issued.

45. FINANCIAL INSTRUMENTS (Continued)

45c. Fair values

The fair value of listed equity investment is determined with reference to quoted market price. The fair values of the interest rate swap are estimated based on the discounted cash flows between the contract forward rate and spot forward rate. The fair value of royalty receivable is determined on the basis as set out in note 19. The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	At 31 December Total RMB'000
2022				
Assets				
Financial assets at FVTPL:				
– Unlisted equity investments	–	–	534,721	534,721
– Royalty receivables	–	–	1,098,316	1,098,316
– Unlisted debt investments	1,437	–	–	1,437
Financial assets at FVTOCI:				
– Bills receivables	–	–	4,502,127	4,502,127
– Investments in securities listed on the SSE	441	–	–	441
– Unlisted equity securities	–	–	126,322	126,322
	1,878	–	6,261,486	6,263,364
Liabilities				
Financial liabilities at FVTPL:				
– Derivative financial instruments	–	634,537	–	634,537

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45. FINANCIAL INSTRUMENTS (Continued)

45c. Fair values (Continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	At 31 December Total RMB'000
2021				
Assets				
Financial assets at FVTPL:				
– Unlisted equity investments	–	–	494,188	494,188
– Royalty receivables	–	–	1,019,884	1,019,884
– Unlisted debt investments	150,481	–	–	150,481
Financial assets at FVTOCI:				
– Bills receivables	–	–	7,423,806	7,423,806
– Investments in securities listed on the SSE	349	–	–	349
– Unlisted equity securities	–	–	99,646	99,646
	150,830	–	9,037,524	9,188,354
Liabilities				
Financial liabilities at FVTPL:				
– Derivative financial instruments	–	59,132	–	59,132

During the years ended 31 December 2022 and 2021, there are no change in categories between level 1 and level 2 and no movement from or into level 3. For more information about royalty receivable, please refer to note 19.

The fair value of the royalty receivable is determined using the discounted future cash flows that are dependent on the following unobservable inputs: forecast sales volumes, coal prices and fluctuations in foreign exchange rates. The forecast sales volumes are based on the internally maintained budgets, five year business plan and life of mine models. The forecast coal prices and long term exchange rates are based on external data consistent with the data used for impairment assessments. The risk-adjusted post-tax discount rate used to determine the future cash flows is 11% (2021: 11%). The estimated fair value would increase if the sales volumes and coal prices were higher and if the AUD weakens against the USD. The estimated fair value would also increase if the risk adjusted discount rate was lower.

46. SHARE-BASED PAYMENTS

(a) The Company

Share Option Scheme

In February 2019, a share option scheme of the Company (the “Share Option Scheme”) was approved. The principal terms are as follows:

(i) Purpose

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

(ii) Scope of participants

The participants include the directors, senior management, mid-level management and core employees of the Company. In respect of the abovementioned participants, any such directors and senior management must have been elected at the General Meeting or appointed by the Board. A participant must be employed by and have entered into a labor contract or an employment contract with the Company, the wholly-owned subsidiaries or controlled subsidiaries of the Company as at the date of grant and during the assessment years.

The participants do not include the external directors (including the independent directors), the supervisors and any shareholder or actual controller individually or jointly holding more than 5% of the shares of the Company and their respective spouse, parents and children. The participants shall not also be participants of share incentive schemes of any other listed companies, and persons who are already participants of such incentive schemes of any other listed companies shall not take part in the Share Option Scheme.

(iii) Total number of the options involved in the Share Option Scheme

The number of A Share Options granted under the scheme is 46,320,000. Upon satisfaction of the conditions of exercise of the share options, each share option shall provide its holder with a right to purchase one A Share at the exercise price during the validity period. The share options shall not be transferred, mortgaged or used to set-off.

(iv) Validity Period

The validity period of the share options granted under the Share Option Scheme commences from the date of grant, and such period must not exceed 60 months.

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46. SHARE-BASED PAYMENTS (Continued)

(a) The Company (Continued)

Share Option Scheme (Continued)

(v) *Vesting Period*

The share options will have vesting periods of 24 months, 36 months and 48 months commencing from the date of grant respectively.

(vi) *Exercise Price, exercisable period and exercise conditions*

The exercise of the share options under the Share Option Scheme are subject to the performance targets in the assessment years from the financial year of 2019 through the financial year of 2021. Assessment will be made once a financial year.

Under the premise that conditions of exercise of the share options have been fulfilled, the share options are exercisable in three tranches upon expiry of 24 months of the date of grant.

The participants shall exercise their share options during the validity period of the share options. If the conditions of exercise of share options are not fulfilled, the share options for that period shall not be exercised. If the conditions of the share options are fulfilled but not all of the relevant share options for that period have been exercised, such portion of the unexercised share option shall be cancelled by the Company.

During the year ended 31 December 2022, 12,779,580 (2021: 14,184,060) options were exercised and 3,042,020 (2021: 3,299,140) were cancelled under the Share Option Scheme. No options were granted during the year ended 31 December 2022 (2021: nil) under the Share Option Scheme.

As at 31 December 2022, the Company had 13,015,200 (2021: 28,836,800) share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 13,015,200 (2021: 28,836,800) additional ordinary shares of the Company. No option is exercisable as at 31 December 2022 and 2021. As at 31 December 2022, the weighted average exercise price of the share options in RMB6.52 (2021: RMB7.52) per share.

RMB8,289,000 (2021: RMB15,118,000) was recognised as share-based compensation expenses during the year ended 31 December 2022.

46. SHARE-BASED PAYMENTS (Continued)

(a) The Company (Continued)

Restricted Share Incentive Scheme

In January 2022, a restricted share incentive scheme of the Company (the “Restricted Share Incentive Scheme”) was approved. The principal terms are as follows:

(i) Purpose

The Restricted Share Incentive Scheme is for the purpose to further improve the medium and long-term incentive mechanism of the Company’s management team and key employees, closely combine the interests of Shareholders, the Company’s interests and the personal interests of the core team, and enhance the Company’s market competitiveness and sustainable development capabilities.

(ii) Scope of participants

The participants include the directors, senior management, mid-level management and core employees of the Company. In respect of the abovementioned participants, any such directors and senior management must have been elected at the General Meeting or appointed by the Board. A participant must be employed by and have entered into a labor contract or an employment contract with the Company, the wholly-owned subsidiaries or controlled subsidiaries of the Company as at the date of grant and during the assessment years.

The participants do not include the external directors (including the independent directors), the supervisors and any shareholder or actual controller individually or jointly holding more than 5% of the shares of the Company and their respective spouse, parents and children. The participants shall not also be participants of share incentive schemes of any other listed companies, and persons who are already participants of such incentive schemes of any other listed companies shall not take part in the Restricted Share Option Incentive Scheme.

(iii) Total number of the options involved in the Restricted Share Incentive Scheme

The number of Restricted Shares granted under the scheme is 61,740,000. The conditions on unlocking the restricted shares of the participants need to meet certain performance conditions and personal performance evaluation conditions.

(iv) Validity period

The validity period of the Restricted Shares options granted under the Restricted Share Incentive Scheme shall not exceed 60 months commencing from the date of granting the share options.

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46. SHARE-BASED PAYMENTS (Continued)

(a) The Company (Continued)

Restricted Share Incentive Scheme (Continued)

(v) Vesting date

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

(vi) Lock-up period

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

(vii) The granting price

The grant price of shares under the Restricted Share Incentive Scheme is RMB11.72 per share.

(viii) Unlocking arrangements

The Restricted Shares are subject to a sales restriction period of 24 months from the grant date of the Restricted Shares. During the lockup period, Restricted Shares may not be transferred, pledged for any guarantee or used for repayment of debts. The 36 months after the restricted sale period is the lifting period. In each unlocking period, if the conditions for unlocking of the Restricted Shares are met, the incentive object can apply for the Restricted Shares held through the Restricted Share Incentive Scheme to be divided into three batches of the termination of sales restrictions, and the proportions were 33%, 33% and 34% respectively. If the Company's performance assessment targets for a particular unlocking period of the restricted shares are not met, all the restricted shares of the participants for that period shall not be unlocked and shall be repurchased by the Company at the agreed price.

(ix) The completion of the granting

On 24 February 2022, the Company completed the registration of the grant of the restricted shares in the Shanghai branch of China Clearing Corporation.

During the year end 31 December 2022, 61,740,000 shares of the Company were issued under the Company were issued under the Restricted Share Incentive Scheme. RMB260,790,000 (2021: Nil) was recognised as share based compensation expenses during the year ended 31 December 2022.

For the year end 31 December 2021, the shares issued under the Restricted Share Incentive Scheme represented 2.03% of the weighted average domestic shares issued during the year.

46. SHARE-BASED PAYMENTS (Continued)

(b) Equity incentive plan of a subsidiary

Yancoal Australia, a non-wholly-owned subsidiary of the Company, had adopted a share incentive scheme and the principal terms of the incentive plan (the “Plan”) are as follows:

(i) Purpose

The purpose of the Plan is to:

- (1) attract, retain and motivate eligible employees essential for the continued growth and development of Yancoal Australia;
- (2) provide a strategic, value based reward for eligible employees who make a key contribution to the success of Yancoal Australia;
- (3) align the interests of eligible employees more closely with the interests of shareholders by providing an opportunity for eligible employees to receive an equity interest in the form of awards;
- (4) provide eligible employees with the opportunity to share in any future growth in value of Yancoal Australia; and
- (5) provide greater incentive for eligible employees to focus on Yancoal Australia’s longer term goals.

(ii) Scope of participants

Those employees that the Board of Yancoal Australia (the “Board”) determine are eligible to participate in the Plan (the “Participants”). Eligible employee may receive, at the absolute discretion of the Board, options or rights (a conditional right to receive shares of Yancoal Australia) (“Rights”) or a Share (each, an “Award”) under the Plan.

(iii) Maximum number of shares

Where an offer is made under the Plan, the Board of Yancoal Australia must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or, in respect of Options or Rights, the total number of Shares which would be issued if those Options or Rights were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under: (a) the Plan or any other employee incentive scheme covered by the Australian Securities and Investments Commission (“ASIC”) Class Order CO 14/1000 (or any amendment to or replacement of that Class Order) (“Class Order”); or (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme, (“5% Limit”).

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46. SHARE-BASED PAYMENTS (Continued)

(b) Equity incentive plan of a subsidiary (Continued)

(iii) Maximum number of shares (Continued)

The Rights are redeemable on a one-for-one basis for Yancoal Australia's shares. Yancoal Australia may at its discretion to settle Rights in cash or share.

During the year ended 31 December 2022, 2,542,567 (2021: 2,870,651) Rights were granted and 480,569 (2021: 574,271) Rights were forfeited or lapsed. During the year ended 31 December 2022, 236,783 Rights (2021: 153,254 Rights) were settled in cash. As at 31 December 2022, 7,403,281 Rights (2021: 5,578,066 Rights) were still outstanding.

During the year ended 31 December 2022, a share-based compensation expense of RMB45,006,000 (2021: net reversal of RMB4,231,000) was recognised in profit or loss.

The fair value of share options granted was estimated on the date of grant using the Black Scholes model, taking into account of the terms and conditions upon which the options were granted. The inputs used in the model was as follow:

	LTP	LTIP	LTIP
Grant date	1/1/2022	1/1/2021	1/1/2020
Post-consolidation share price at grant date (\$)	AUD2.45	AUD2.45	AUD2.86
Dividend yield	10%	8%	8%
Value per performance right	AUD2.10	AUD1.94	AUD2.23

The Rights has been valued using the volume weighted average price of Yancoal Australia's ordinary shares across a 10 day trading period before grant date.

There are a maximum of 7,403,281 shares available for issue, which, if issued as new shares of Yancoal Australia, would represent 0.6% of share capital in issue at 31 December 2022 (2021: 5,578,066 shares representing 0.4% of share capital of Yancoal Australia).

47. NON-CONTROLLING INTERESTS

Summarised financial information of material non-controlling interests of subsidiaries is set out below.

	Yancoal Australia At 31 December		Haosheng At 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Non-controlling interests percentage	37.74%	37.74%	44.56%	44.56%
Summarised financial information				
Current assets	17,637,836	11,699,513	3,350,176	3,829,741
Non-current assets	42,378,058	42,835,638	12,019,688	11,226,173
Current liabilities	(11,947,107)	(3,815,262)	(7,530,556)	(7,595,673)
Non-current liabilities	(10,210,293)	(22,307,380)	(2,512,362)	(2,569,012)
Net assets	37,858,494	28,412,509	5,326,946	4,891,229
Carrying amounts of non-controlling interests	14,287,796	10,722,881	2,373,687	2,179,532
Revenue	49,041,207	26,040,002	3,255,027	2,093,313
Profit (loss) for the year	16,738,824	3,812,400	364,281	(571,495)
Other comprehensive income (expense)	286,635	(2,537,939)	-	-
Total comprehensive income (expense)	17,025,459	1,274,461	364,281	(571,495)
Total comprehensive income (expense) allocated to non-controlling interests	6,425,408	480,981	162,324	(254,658)
Cash flows generated from operating activities	32,070,528	9,156,480	(1,771,022)	934,191
Cash flows used in investing activities	(1,413,637)	(1,474,675)	(207,469)	(583,079)
Cash flows (used in) from financing activities	(25,538,651)	(3,667,411)	1,971,830	(293,788)
Net increase (decrease) in cash and cash equivalents	5,118,240	4,014,394	(6,661)	57,324
Dividends paid to non-controlling interests	-	-	-	-

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47. NON-CONTROLLING INTERESTS (Continued)

Summarised financial information of material non-controlling interests of subsidiaries is set out below. (Continued)

	Shaanxi Future Energy At 31 December		Inner Mongolia Mining At 31 December	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Non-controlling interests percentage	26.03%	26.03%	49%	49%
Summarised financial information				
Current assets	14,270,307	9,270,518	2,356,745	2,815,404
Non-current assets	16,340,532	17,334,145	35,502,507	34,801,659
Current liabilities	(4,445,938)	(5,399,840)	(16,187,175)	(16,604,219)
Non-current liabilities	(3,872,186)	(4,432,980)	(9,749,901)	(9,182,094)
Net assets	22,292,715	16,771,843	11,922,176	11,830,750
Carrying amounts of non-controlling interests	5,802,794	4,365,711	5,841,866	5,797,068
Revenue	17,688,960	15,025,805	3,887,971	1,277,790
Profit (loss) for the year	6,858,251	5,751,112	25,162	(1,867,710)
Other comprehensive income (expense)	-	-	-	-
Total comprehensive income (expense)	6,858,251	5,751,112	25,162	(1,867,710)
Total comprehensive income (expense) allocated to non-controlling interests	1,785,203	1,497,014	12,329	(915,178)
Cash flows (used in) generated from operating activities	(10,851,295)	(11,812,445)	859,376	7,643,371
Cash flows used in investing activities	(802,404)	(690,089)	(947,487)	(15,292,958)
Cash flows from financing activities	12,648,542	12,278,718	128,885	7,590,145
Net increase (decrease) in cash and cash equivalents	994,843	(223,816)	40,774	(59,442)
Dividends paid to non-controlling interests	-	-	-	-

Note (i): The above financial information is before elimination of intra-group transactions.

48. RELATED PARTY BALANCES AND TRANSACTIONS

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

Balances and transactions with related parties

	At 31 December	
	2022 RMB'000	2021 RMB'000
Nature of balances (other than those already disclosed)		
Bills and accounts receivables		
– Parent Company and its subsidiaries	924,812	681,443
– Joint ventures	33,564	214,412
– Associates	–	479
Prepayments and other receivables		
– Parent Company and its subsidiaries	7,836,306	6,323,435
– Joint ventures	–	715
– Associates	22,818	22,279
Long-term receivables		
– Parent Company and its subsidiaries	93,476	2,094,039
– Joint ventures	–	688,253
Bills and accounts payables		
– Parent Company and its subsidiaries	3,330,508	2,693,959
– Joint ventures	–	18,753
– Associates	25	29,822
Other unsecured borrowing		
– Parent Company	–	3,646,508
Other payables and accrued expenses		
– Parent Company and its subsidiaries	12,263,137	26,299,541
– Associates	–	121,424

The amounts due from/to the Parent Company and its subsidiaries, joint ventures and associates excluding the Group, are non-interest bearing, unsecured and repayable on demand.

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48. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Balances and transactions with related parties

During the years, the Group had the following significant transactions with the Parent Company and/or its subsidiaries (excluding the Group):

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Income		
Sales of coal	4,818,779	3,874,128
Sales of bulk commodities	360,090	791,549
Sales of auxiliary materials	489,051	699,873
Supply of power and heat	4,480	14,300
Sales of methanol	19,423	25,931
Equipment leasing	95,590	26,295
Professional services	1,204	1,580
Provision of repair and maintenance services	12,444	6,415
Provision of road transportation services	25,239	24,351
Provision of technology services	22,543	15,562
Expenditure		
Cost of methanol	558,495	406,583
Utilities and facilities	37,797	26,396
Purchases of materials and facilities	2,308,204	640,228
Repair and maintenance services	58,210	61,449
Labour and services	539,503	931,042
Construction services	1,419,698	696,044
Medical service	40,260	31,696
ERP operation and maintenance services	47,170	41,981
Coal train escort services	68,990	72,817
Financial services	1,193	771
Insurance fund management and payment services (free of charge)	362,988	741,825
Purchase of bulk commodities	321,071	296,280
Commissioned management services	4,302	-

Expenditures for social welfare and support services (excluding medical and child care expenses) are approximately RMB9,143,000 (2021: RMB4,580,000) for the year ended 31 December 2022. These expenses will be negotiated with and paid by the Parent Company each year.

As at 31 December 2022, the Parent Company and its subsidiaries, excluding the Group, had deposited approximately RMB11,245,221,000 (2021: RMB24,890,403,000) to Yankuang Finance. For the year ended 31 December 2022, interest income from and interest expense to the Parent Company and its subsidiaries (excluding the Group) amounted to approximately RMB280,805,000 and RMB174,150,000 respectively (2021: RMB258,402,000 and RMB245,363,000).

In addition to the above, the Company participates in a retirement benefit scheme of the Parent Company in respect of retirement benefits (note 50).

48. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

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

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“state-controlled entities”). In addition, the Group itself is part of a large group of companies under the Parent Company which is controlled by the PRC government. Apart from the transactions with the Parent Company and its subsidiaries disclosed above, the Group also conducts business with other state-controlled entities. The directors of the Company consider those state-controlled entities are independent third parties so far as the Group’s business transactions with them are concerned.

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

	Year ended 31 December	
	2022 RMB’000	2021 RMB’000
Trade sales	11,715,168	14,677,400
Trade purchases	9,789,563	6,481,129

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

	Year ended 31 December	
	2022 RMB’000	2021 RMB’000
Amounts due to other state-controlled entities	1,263,452	1,014,219
Amounts due from other state-controlled entities	51,105	42,071

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

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

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

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48. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

Balances and transactions with joint ventures/associates

	At 31 December	
	2022 RMB'000	2021 RMB'000
Loan to a joint venture (note 31)	-	688,253

Compensation of key management personnel

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Directors fee	600	600
Salaries, allowance and other benefits in kind	15,000	19,261
Retirement benefit scheme contributions	2,137	2,639
	17,737	22,500

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

49. COMMITMENTS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following capital commitments.

	At 31 December	
	2022 RMB'000	2021 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements		
Acquisition of property, plant and equipment		
– the Group	3,336,747	3,289,815
– share of joint operations	996,892	842,893
– others	98,282	26,171
Intangible assets		
– share of joint operations	5,570	19,741
– others	2,592	2,340
Exploration and evaluation		
– share of joint operations	1,290	4,219
– others	–	–
	4,441,373	4,185,179

50. RETIREMENT BENEFITS

Qualifying employees of the Company are entitled to pension, medical and other welfare benefits. The Company participates in a scheme of the Parent Company and pays a monthly contribution to the Parent Company in respect of retirement benefits at an agreed contribution rate based on the monthly basic salaries and wages of the qualified employees. The Parent Company is responsible for the payment of all retirement benefits to the retired employees of the Company.

Pursuant to the Provision of Insurance Fund Administrative Services Agreement entered into by the Company and the Parent Company on 9 December 2020, the monthly contribution rate is at 20% (2021: 20%) of the total monthly basic salaries and wages of the Company's employees for the period from 1 January 2021 to 31 December 2023. Other welfare benefits will be provided by the Parent Company, which will be reimbursed by the Company.

The amount of contributions paid to the Parent Company were approximately RMB362,988,000 and RMB741,825,000 for the years ended 31 December 2022 and 2021 respectively.

The Company's subsidiaries are participants in a state-managed retirement scheme pursuant to which the subsidiaries pay a fixed percentage of its qualifying staff's wages as a contribution to the scheme. The subsidiaries' financial obligations under this scheme are limited to the payment of the employer's contribution. During the year, contributions paid and payable by the subsidiaries pursuant to this arrangement were insignificant to the Group. The Group's overseas subsidiaries pay fixed contribution as pensions under the laws and regulations of the relevant countries.

During the year and at the balance sheet date, there were no forfeited contributions which arose upon employees leaving the above schemes available to reduce the contributions payable in future years.

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51. HOUSING SCHEME

The Company currently makes a fixed monthly contribution for each of its qualifying employees to a housing fund which is equally matched by a contribution from the employees. The contributions are paid to the Parent Company which utilises the funds, along with the proceeds from the sales of accommodation and, if the need arises, from loans arranged by the Parent Company, to construct new accommodation.

52. OTHER DISCLOSURES

On 30 June 2022, the Group entered into a capital injection agreement, pursuant to which the Company shall contribute RMB861 million, with the subscription price at RMB2.87 per share, to Shandong Energy Tower Shanghai Company in cash. Further details are set out in the announcement of the Company dated 30 June 2022. The transaction has been completed after the end of the reporting period.

On 8 September 2022, Yankuang Finance Company, a non-wholly owned subsidiary of the Company entered into an absorption and merger agreement with Shandong Energy Finance Company (“Shandong Energy Finance”), a subsidiary of the parent company. Pursuant to which Yankuang Finance Company shall be merged and absorbed by Shandong Energy Finance Company and the Group will hold 53.92% equity interest in the enlarged Shandong Energy Finance. Further details are set out in the announcement of the Company dated 8 September 2022. The transaction has not yet been completed up to the date of these consolidated financial statements.

53. CONTINGENT LIABILITIES

(i) Guarantees

	At 31 December	
	2022 RMB'000	2021 RMB'000
(a) The Group		
Performance guarantees provided to daily operations	390,253	614,988
Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	518,941	496,614
(b) Joint operations		
Performance guarantees provided to external parties	1,088,045	699,590
Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	2,036,720	1,815,432
(c) Related parties		
Performance guarantees provided to external parties	380,684	397,385
Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute	19,193	18,819
	4,433,836	4,042,828

54. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

During the year ended 31 December 2022, the Group entered into several new arrangement in respect of buildings, and plant, machinery and equipment. Right-of-use assets and lease liabilities of approximately RMB464,432,000 (2021: RMB478,422,000) were recognised at the commencement of the lease.

During the year ended 31 December 2021, Shandong Energy provided a loan to Yancoal Australia at an interest rate lower than the normal market rate and resulted in a deemed contribution to Yancoal Australia amounting to RMB1,079,627,000.

55. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Dividends payable (Note 35) RMB'000	Customers' deposits in relation to financial services (Note 35) RMB'000	Borrowings (Note 38) RMB'000	Lease liabilities (Note 24) RMB'000	Long-term payable (Note 40) RMB'000	Total RMB'000
At 1 January 2022	13,940	24,890,403	103,400,097	1,100,028	-	129,404,468
Dividends declaration	9,897,407	-	-	-	-	9,897,407
Cash flows	(9,907,803)	(13,645,182)	(28,139,089)	(961,711)	1,500,000	(51,153,785)
New lease arrangements	-	-	-	464,432	-	464,432
Termination of lease	-	-	-	(21,477)	-	(21,477)
Exchange realignment	-	-	902,654	-	-	902,654
At 31 December 2022	3,544	11,245,221	76,163,662	581,272	1,500,000	89,493,699

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55. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Dividends payable (Note 35) RMB'000	Customers' deposits in relation to financial services (Note 35) RMB'000	Borrowings (Note 38) RMB'000	Lease liabilities (Note 24) RMB'000	Total RMB'000
At 1 January 2021	15,422	18,699,588	92,262,944	2,589,963	113,567,917
Dividends declaration	4,874,184	–	–	–	4,874,184
Finance cost incurred	–	–	143,922	57,841	201,763
Cash flows	(4,875,666)	6,190,815	12,245,090	(1,423,889)	12,136,350
New lease arrangements	–	–	–	478,422	478,422
Termination of lease	–	–	–	(616,616)	(616,616)
Exchange realignment	–	–	290,465	14,307	304,772
Deemed contribution	–	–	(1,542,324)	–	(1,542,324)
At 31 December 2021	13,940	24,890,403	103,400,097	1,100,028	129,404,468

56. INFORMATION OF THE COMPANY

The Company's statement of financial position is disclosed as follows:

	At 31 December	
	2022 RMB'000	2021 RMB'000
Current assets		
Bank balances and cash	13,801,367	14,249,555
Pledged term deposits	–	–
Restricted cash	802,785	598,583
Bills and accounts receivable	4,031,975	5,253,054
Inventories	666,281	1,363,147
Prepayments and other receivables	38,066,004	43,841,830
Financial assets at fair value through profit or loss	425	–
	57,368,837	65,306,169
Non-current assets		
Intangible assets	835,012	544,239
Property, plant and equipment	12,361,520	7,801,805
Right-of-use assets	6,829,005	6,206,738
Investments in subsidiaries (note a)	94,630,079	94,154,449
Investments in securities	4,211	4,230
Investments in associates	6,467,313	6,296,471
Investment in joint venture	35,735	32,369
Deposit made on investments	118,154	279,934
Deferred tax assets	1,115,003	1,231,361
	122,396,032	116,551,596
Total assets	179,764,869	181,857,765

56. INFORMATION OF THE COMPANY (Continued)

	At 31 December	
	2022 RMB'000	2021 RMB'000
Current liabilities		
Bills and accounts payable	8,979,962	5,995,359
Other payables and accrued expenses	33,225,525	32,680,703
Contract liabilities	795,632	1,617,715
Borrowings – due within one year	8,349,615	17,081,355
Lease liabilities	765,642	976,642
Long term payable – due within one year	–	3,995,200
Derivative financial instruments	–	59,132
Tax payable	1,803,033	962,629
	53,919,409	63,368,735
Non-current liabilities		
Provision for land subsidence, restoration, rehabilitation and environmental costs	1,862,335	–
Borrowings – due after one year	47,123,290	51,133,941
Lease liabilities	5,675,406	4,934,263
Long term payable – due after one year	161,751	175,897
	54,822,782	56,244,101
Total liabilities	108,742,191	119,612,836
Capital and reserves (note b)		
Equity	57,774,064	54,126,829
Perpetual capital securities	13,248,614	8,118,100
	71,022,678	62,244,929
Total liabilities and equity	179,764,869	181,857,765

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56. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2022 and 2021 are as follows:

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2022		2021		2022	2021	
			Directly	Indirectly	Directly	Indirectly			
Shandong Yanmei Shipping Co., Ltd. (note 1)	PRC	RMB5,500,000	92%	-	92%	-	92%	92%	Transportation via rivers and lakes and the sales of coal and construction materials
QingDao ZhongYan Trade Co., Ltd. (note 1)	PRC	RMB50,000,000	100%	-	100%	-	100%	100%	Trade and storage in free trade zone
Shandong Huaju Energy Co., Ltd. (note 1)	PRC	RMB288,589,774	74%	-	74%	-	74%	74%	Thermal power generation
Yanmei Heze Energy Chemical Co., Ltd. (note 1)	PRC	RMB3,000,000,000	98%	-	98%	-	98%	98%	Coal mining and sales
Yanmei Wanfu Energy Co., Ltd. (note 1)	PRC	RMB600,000,000	-	89%	-	89%	89%	89%	Coal mining and sales
Yanzhou Nengyuan Yulin Nenghua Co., Ltd. (note 1)	PRC	RMB1,400,000,000	100%	-	100%	-	100%	100%	Methanol and electricity power business
Yankuang Energy (Ordos) Co., Ltd. (note 1)	PRC	RMB10,800,000,000	100%	-	100%	-	100%	100%	Investment holding, coal mining and sales
Inner Mongolia Rongxin Chemicals Co., Ltd. (note 1)	PRC	RMB648,360,000	-	100%	-	100%	100%	100%	Development of methanol project
Inner Mongolia Xintai Coal Co., Ltd. (note 1)	PRC	RMB5,000,000	-	100%	-	100%	100%	100%	Coal mining and sales
Ordos Zhuanlongwan Coal Co., Ltd. (note 1)	PRC	RMB5,050,000,000	-	100%	-	100%	100%	100%	Coal mining and sales, manufacturing and sales of mining equipment and machinery
Inner Mongolia Mengda Railway Co., Ltd. (note 1)	PRC	RMB201,000,000	-	67%	-	67%	67%	67%	Coal processing, sales and transportation
Inner Mongolia Mengtong Railway Co., Ltd. (note 1)	PRC	RMB100,000,000	-	51%	-	51%	51%	51%	Coal processing, sales and transportation
Yanzhou Coal Shanxi Energy Chemical Co., Ltd. (note 1)	PRC	RMB600,000,000	100%	-	100%	-	100%	100%	Investment holding
Shanxi Heshun Tianchi Power Co., Ltd. (note 1)	PRC	RMB90,000,000	-	81%	-	81%	81%	81%	Coal mining business
Yancoal International (Holding) Co., Ltd	Hong Kong	USD689,313,091	100%	-	100%	-	100%	100%	Investment holding

56. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2022 and 2021 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2022		2021		2022	2021	
			Directly	Indirectly	Directly	Indirectly			
Yancoal International Technology Development Co., Limited	Hong Kong	USD1,000,000	-	100%	-	100%	100%	100%	Coal mining technology development, transfer and consultation
Yancoal International Resources Development Co., Limited	Hong Kong	USD600,000	-	100%	-	100%	100%	100%	Coal resource exploration development
Yancoal Luxembourg Energy Holding Co., Ltd	Luxembourg	USD500,000	-	100%	-	100%	100%	100%	Investment Holding
Athena Holding Pty Ltd	Australia	AUD24,450,405	-	100%	-	100%	100%	100%	Holding Company
Tonford Holdings Pty Ltd	Australia	AUD46,407,917	-	100%	-	100%	100%	100%	Holding company
Premier Coal Holdings Pty Ltd	Australia	AUD321,613,108	-	100%	-	100%	100%	100%	Holding company
Wilpeena Holdings Pty Ltd	Australia	AUD3,457,381	-	100%	-	100%	100%	100%	Holding company
Yancoal Energy Pty Ltd	Australia	AUD202,977,694	-	100%	-	100%	100%	100%	Holding company
Yankuang Dongping Land Port Co., Ltd. (note 1)	PRC	RMB9,199,750,740	-	46%	-	46%	46%	46%	Port infrastructure construction, operation and management
Yancoal Technology Development Pty Ltd	Australia	AUD2	-	100%	-	100%	100%	100%	LTCC technology development and equipment rental
Zhongyin (Jining) Financial Leasing Co., Ltd. (note 1)	PRC	USD14,000,000	-	100%	-	100%	100%	100%	Financial leasing
Zhongyin (Heze) Financial Leasing Co., Ltd. (note 1)	PRC	USD14,000,000	-	100%	-	100%	100%	100%	Financial leasing
Yancoal Australia Limited (note 2)	Australia	AUD6,482,144,000	62%	-	62%	-	62%	62%	Investment holding
Gloucester Pty Ltd	Australia	AUD719,720,808	-	62%	-	62%	100%	100%	Coal resource exploration development
Yancoal Resources Ltd	Australia	AUD446,409,065	-	62%	-	62%	100%	100%	Coal mining business in Australia
Yancoal Australia Sales Pty Ltd	Australia	AUD100	-	62%	-	62%	100%	100%	Coal sales

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56. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2022 and 2021 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2022		2021		2022	2021	
			Directly	Indirectly	Directly	Indirectly			
Yancoal Mining Services Ltd	Australia	AUD100	-	62%	-	62%	100%	100%	Provide management services to the underground mines
Coal & Allied Industries Pty Limited	Australia	AUD3,724,000,000	-	62%	-	62%	100%	100%	Coal mining business
Yancoal Moolarben Pty Ltd	Australia	AUD300,000,000	-	62%	-	62%	100%	100%	Coal mining and coal mine management
Watagan Mining Company Pty Ltd	Australia	USD575,000,000	-	62%	-	62%	100%	100%	Coal mining and coal mine management
Inner Mongolia Haosheng Coal Industry Co., Ltd. (note 1)	PRC	RMB1,184,620,000	59%	-	59%	-	59%	59%	Sales of coal mine machinery equipment and accessories
Shandong Zhongding Yunlian Technology Co., Ltd. (note 1)	PRC	RMB100,000,000	51%	-	51%	-	51%	51%	Coal Mining and sales
Shandong Yancoal Rizhao Port Coal Storage & Blending Co., Ltd. (note 1)	PRC	RMB300,000,000	71%	-	71%	-	71%	71%	Coal sales
Qingdao Yancoal Dongqi Energy Co., Ltd. (note 1)	PRC	RMB50,000,000	-	71%	-	71%	71%	71%	Coal sales
Shandong Zhongyin International Trade Co., Ltd. (note 1)	PRC	RMB300,000,000	100%	-	100%	-	100%	100%	Coal and non-ferrous metal wholesale
Shandong Zhongyin Logistics and Trading Co., Ltd. (note 1)	PRC	RMB300,000,000	-	100%	-	100%	100%	100%	Trade Broker and Agent
Yankuang Financial Leasing Co., Ltd. (note 1)	PRC	RMB7,000,000,000	90%	9%	90%	9%	99%	99%	Financial leasing
Shanghai Dongjiang Real Estate Development Co., Ltd. (note 1)	PRC	RMB8,000,000	-	100%	-	100%	100%	100%	Real estate development and operation, property management
Zhongyin (Hong Kong) Co., Limited	Hong Kong	USD15,000,000	-	100%	-	100%	100%	100%	Investment holding

56. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2022 and 2021 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2022		2021		2022	2021	
			Directly	Indirectly	Directly	Indirectly			
Duanxin Investment Holding (Beijing) Co., Ltd. (note 1)	PRC	RMB4,310,000,000	100%	-	100%	-	100%	100%	Investment and assets management
Tianjin Duanxin Yunlian Yongtai Investment Management Partnership (Limited Partnership) (note 1)	PRC	RMB4,600,000,000	-	13%	-	13%	13%	13%	Investment management
Tianjin Duanxin Cloud Chain Yongsheng Investment Management Partnership (Limited Partnership) (note 1)	PRC	RMB1,105,750,000	-	13%	-	13%	13%	13%	Investment management
Yankuang DONGHUA Heavy Industry Co., Ltd. (note 1)	PRC	RMB2,277,888,000	100%	-	100%	-	100%	100%	Manufacturing of coal mining and excavating equipment
Yankuang Group Tangcun Industrial Co., Ltd. (note 1)	PRC	RMB51,000,000	-	100%	-	100%	100%	100%	Manufacturing and repair of machinery and cable
Yanzhou Dongfang Electrical Co., Ltd. (note 1)	PRC	RMB50,000,000	-	94%	-	94%	94%	94%	Manufacturing and installation of mining equipments
Yankuang Group Juntong Rubber Co., Ltd. (note 1)	PRC	RMB6,600,000	-	55%	-	55%	55%	55%	Manufacturing and sale of rubber products
Shandong Yankuang Intelligent Manufacturing Co., Ltd. (note 1)	PRC	RMB1,200,000,000	-	100%	-	100%	100%	100%	Manufacturing and sale of mining equipments
Shandong Duanxin Supply Chain Management Co., Ltd. (note 1)	PRC	RMB200,000,000	100%	-	100%	-	100%	100%	Logistics storage and leasing
Heze Duanxin Supply Chain Management Co., Ltd (note 1)	PRC	RMB10,000,000	-	100%	-	100%	100%	100%	Logistics storage and leasing
Dalateqi Duanxin Supply Chain Management Co., Ltd. (note 1)	PRC	RMB5,000,000	-	100%	-	100%	100%	100%	Logistics storage and leasing
Ejin Horo Qi Duanxin Supply Chain Management Co., Ltd. (note 1)	PRC	RMB10,000,000	-	100%	-	100%	100%	100%	Logistics storage and leasing

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56. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2022 and 2021 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2022		2021		2022	2021	
			Directly	Indirectly	Directly	Indirectly			
Wushenqi Duanxin Supply Chain Management Co., Ltd. (note 1)	PRC	RMB10,000,000	-	100%	-	100%	100%	100%	Logistics
Juye Duanxin Supply Chain Management Co., Ltd. (note 1)	PRC	RMB5,000,000	-	100%	-	100%	100%	100%	Logistics
Yulin Duanxin Supply Chain Management Co., Ltd. (note 1)	PRC	RMB5,000,000	-	62%	-	62%	62%	62%	Sales of coal and other coal products
Qingdao VAST LUCKY International Company Limited (note 1)	PRC	RMB200,000,000	51%	-	51%	-	51%	51%	Trading
Vast Lucky (HK) Limited	Hong Kong	HK\$10,000,000	-	51%	-	51%	51%	51%	Trading
Duanxin Investment Holding (note 1) (Shenzhen) Company Limited (note 1)	PRC	RMB1,100,000,000	-	100%	-	100%	100%	100%	Equity investment, the entrusted assets and investment management, corporate management and investment advisory
Duanxin Commercial Factoring (Shenzhen) Co., Ltd. (note 1)	PRC	RMB100,000,000	100%	-	100%	-	100%	100%	Factoring
Duanxin Supply CHAIN (Shenzhen) Co., Ltd. (note 1)	PRC	RMB100,000,000	-	100%	-	100%	100%	100%	Supply chain management
Yankuang Energy (Wuxi) Co., Ltd. (note 1)	PRC	RMB58,000,000	100%	-	100%	-	100%	100%	Coal Sales
Yanmei Mining Engineering Co., Ltd. (note 1)	PRC	RMB85,200,000	100%	-	100%	-	100%	100%	Engineering
Yancoal Blue Clean Energy Com. Ltd. (note 1)	PRC	RMB310,000,000	100%	-	100%	-	100%	100%	Manufacturing and sales of coal products
Yankuang Group Financial Co., Ltd. (note 1)	PRC	RMB4,000,000,000	-	-	95%	-	-	95%	Financial services
Shandong Energy Group Finance Co., Ltd. (note 1)	PRC	RMB7,000,000,000	54%	-	-	-	54%	-	Financial services
Zhongyin (Tai'an) Financial Leasing Co., Ltd. (note 1)	PRC	RMB1,593,000,000	100%	-	100%	-	100%	100%	Leasing and commercial services

56. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2022 and 2021 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2022		2021		2022	2021	
			Directly	Indirectly	Directly	Indirectly			
Shanghai Jujiang Asset Management Co., Ltd. (note 1)	PRC	RMB500,000,000	100%	-	100%	-	100%	100%	Leasing and commercial services
Qingdao Dongfang Shenglong Industrial Co., Ltd. (note 1)	PRC	RMB30,000,000	-	100%	-	100%	100%	100%	Coal wholesale business, house leasing
Qingdao Duanxin Asset Management Co., Ltd. (note 1)	PRC	RMB500,000,000	100%	-	100%	-	100%	100%	Equity investment fund management, Management of corporate asset, Foreign investment funds, Import and export service, International Trading, Export
Yankuang Wisdom Ecology Co., Ltd. (note 1)	PRC	RMB80,000,000	100%	-	100%	-	100%	100%	Water pollution control services
Shaanxi Future Energy Chemical Co., Ltd. (note 1)	PRC	RMB5,400,000,000	74%	-	74%	-	74%	74%	Research and Development of chemical product, coal mining, and electric power production and sale
Shaanxi Future Clean Oil and Chemical Sales Co., Ltd. (note 1)	PRC	RMB50,000,000	-	74%	-	74%	74%	74%	Sale of petroleum products, chemical products and coal
Shaanxi Future Clean Chemical Co., Ltd. (note 1)	PRC	RMB30,000,000	-	38%	-	38%	38%	38%	Sale of petroleum products, chemical products and coal
Yankuang Yulin Fine Chemical Co., Ltd. (note 1)	PRC	RMB46,200,000	100%	-	100%	-	100%	100%	Production and sales of Fischer-Tropsch synthesis catalysts
Yankuang Lunan Chemical Co., Ltd. (note 1)	PRC	RMB5,040,690,900	100%	-	100%	-	100%	100%	Production and sales of chemical products
Yankuang Jining Chemical Equipment Co., Ltd. (note 1)	PRC	RMB111,899,210	100%	-	100%	-	100%	100%	Production and sales of chemical products
Shandong Yankuang Jisan Electric Power Co., Ltd. (note 1)	PRC	RMB430,000,000	99%	-	99%	-	99%	99%	Thermal power generation

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56. INFORMATION OF THE COMPANY (Continued)

(a) Details of the Company's major subsidiaries at 31 December 2022 and 2021 are as follows: (Continued)

Name of subsidiary	Country of incorporation/ registration and operation	Issued and fully paid capital/registered capital	Proportion of registered capital/issued share capital held by the Company				Proportion of voting power controlled		Principal activities
			2022		2021		2022	2021	
			Directly	Indirectly	Directly	Indirectly			
Yankuang Coal Chemical Supply and Marketing Co., Ltd. (note 1)	PRC	RMB260,000,000	100%	-	100%	-	100%	100%	Sales of chemical products
Inner Mongolia Mining (Group) Company Limited (note 1)	PRC	RMB6,997,396,122	51%	-	51%	-	51%	51%	Investment and management of mineral resources, sale of mineral products and import and export trade
Ulanqab Hongda Industrial Co., Ltd. (note 1)	PRC	RMB550,000,000	-	51%	-	51%	51%	51%	Electricity power business
Ordos Fengwei Photoelectric Co., Ltd. (note 1)	PRC	RMB180,000,000	-	51%	-	51%	51%	51%	Solar power, wind power and production management
Inner Mongolia Mining Resources Investment Holdings Co., Ltd. (note 1)	PRC	RMB400,000,000	-	51%	-	51%	51%	51%	Investment and asset management
Ordos Green Energy Optoelectronics Co., Ltd. (note 1)	PRC	RMB1,200,000,000	-	46%	-	46%	46%	46%	Light power and sale of electrical material
Ordos Cultural Industry Park Cultural Education Co., Ltd. (note 1)	PRC	RMB209,034,000	-	32%	-	32%	32%	32%	Educational software development and event planning
Inner Mongolia Financial Holding Financial Leasing Co., Ltd. (note 1)	PRC	RMB1,200,000,000	-	28%	-	28%	28%	28%	Rental business
Inner Mongolia Yitaiga Lutu Mining Co., Ltd. (note 1)	PRC	RMB1,000,000,000	-	27%	-	27%	27%	27%	Coal mining and sale
Ordos Yingpanhao Coal Co., Ltd. (note 1)	PRC	RMB3,000,000,000	-	72%	-	72%	72%	72%	Coal mining and sale

56. INFORMATION OF THE COMPANY (Continued)

- (a) Details of the Company's major subsidiaries at 31 December 2022 and 2021 are as follows: (Continued)

Unless otherwise specified, the capital of the above subsidiaries are registered capital (those established in the PRC) or ordinary shares (those established in other countries).

Note 1: The companies are established in the PRC as limited liability companies.

Note 2: The investment cost of RMB21,425,119,000 (2021: RMB21,425,119,000) in respect of investment in Yancoal Australia, a subsidiary dually listed on the Australia Stock Exchange and SEHK, was included in investment in subsidiaries. As at 31 December 2022, the market value of these shares was approximately RMB23,485,453,000 (AUD4,982,276,000) (2021: approximately RMB11,601,457,000 (AUD2,510,052,000)).

- (b) The Company's equity is as follows:

	Share capital RMB'000	Share premium RMB'000	Share option reserve RMB'000	Future development fund reserve RMB'000	Statutory common fund RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000	Perpetual capital securities (note 43) RMB'000	Total RMB'000
As at 1 January 2021	4,860,000	2,735,364	64,451	780,222	5,855,024	(263)	39,867,016	5,217,667	59,379,481
Profit for the year	-	-	-	-	-	-	4,711,060	178,664	4,889,724
Other comprehensive expense - Fair value changes of financial assets at FVTOCI	-	-	-	-	-	(322)	-	-	(322)
Total comprehensive income (expense) for the year	-	-	-	-	-	(322)	4,711,060	178,664	4,889,402
Transactions with owners:									
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	(262,501)	(262,501)
Issue of share upon exercise of share option (note 46)	14,184	145,624	(31,347)	-	-	-	-	-	128,461
Lapsed of share option	-	-	(7,291)	-	-	-	7,291	-	-
Recognition of share-based payment expenses	-	-	15,118	-	-	-	-	-	15,118
Appropriations to reserves	-	-	-	-	402,793	-	(402,793)	-	-
Redemption of perpetual capital securities	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)
Issuance of perpetual capital securities	-	-	-	-	-	-	-	7,984,270	7,984,270
Dividends	-	-	-	-	-	-	(4,874,184)	-	(4,874,184)
Others	-	-	-	-	-	-	(15,118)	-	(15,118)
Total transactions with owners	14,184	145,624	(23,520)	-	402,793	-	(5,284,804)	2,721,769	(2,023,954)
Balance at 31 December 2021	4,874,184	2,880,988	40,931	780,222	6,257,817	(585)	39,293,272	8,118,100	62,244,929

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56. INFORMATION OF THE COMPANY (Continued)

(b) The Company's equity is as follows: (Continued)

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Share option Reserve RMB'000	Future development fund reserve RMB'000	Statutory common fund RMB'000	Investment revaluation reserve RMB'000	Retained earnings RMB'000	Perpetual capital securities (note 43) RMB'000	Total RMB'000
As at 1 January 2022	4,874,184	2,880,988	-	40,931	780,222	6,257,817	(585)	39,293,272	8,118,100	62,244,929
Profit for the year	-	-	-	-	-	-	-	13,483,890	461,944	13,945,834
Other comprehensive expense - Fair value changes of financial assets at FVTOCI	-	-	-	-	-	-	(14)	-	-	(14)
Total comprehensive income (expense) for the year	-	-	-	-	-	-	(14)	13,483,890	461,944	13,945,820
Transactions with owners:										
Issuance of perpetual capital securities	-	-	-	-	-	-	-	-	4,990,400	4,990,400
Distribution paid to holders of perpetual capital securities	-	-	-	-	-	-	-	-	(321,830)	(321,830)
Issue of share upon exercise of share option (note 46)	12,780	94,169	-	(23,626)	-	-	-	-	-	83,323
Issue of shares under Restricted Share Incentive Scheme (note 6)	61,740	661,853	(723,593)	-	-	-	-	-	-	-
Recognition of share-based payment expenses	-	-	-	269,079	-	-	-	-	-	269,079
Dividends	-	-	-	-	-	-	-	(9,897,407)	-	(9,897,407)
Other	-	-	-	-	-	-	-	(291,636)	-	(291,636)
Total transactions with owners	74,520	756,022	(723,593)	245,453	-	-	-	(10,189,043)	4,668,570	(5,168,071)
Balance at 31 December 2022	4,948,704	3,637,010	(723,593)	286,384	780,222	6,257,817	(599)	42,588,119	13,248,614	71,022,678

SUPPLEMENTAL INFORMATION

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

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

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

(1) Future development fund and work safety cost

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

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

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

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

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

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

- (4a) Under IFRS, the reversal of impairment loss on mining reserves was recognised as income in consolidated profit or loss.

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

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SUPPLEMENTAL INFORMATION(Continued)

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

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

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

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

The following tables summarises the differences between consolidated financial statements prepared under IFRS and those under PRC GAAP:

	Net income attributable to the equity holders of the Company for the year ended 31 December		Net assets attributable to the equity holders of the Company as at 31 December	
	2022 RMB’000	2021 RMB’000	2022 RMB’000	2021 RMB’000
As per consolidated financial statements prepared under IFRS	30,407,538	16,941,435	89,852,379	68,657,660
<i>Impact of IFRS adjustments in respect of:</i>				
- Future development fund charged to income before income taxes	142,188	(1,086,983)	-	-
- Reversal of provision of work safety cost	3,455	3,455	(31,613)	(35,067)
- Fair value adjustment and amortisation	10,000	10,000	(200,052)	(210,052)
- Acquisition of Jining II, Railway Assets, Heze, Shanxi Group, Hua Ju Energy, Beisu and Yangcun	-	-	(899,403)	(899,403)
- Acquisition of Donghua	2,042	2,042	(414,547)	(416,589)
- Acquisition of Yankuang Finance	-	-	(16,966)	(16,966)
- Deferred tax	(122,704)	66,852	256,006	378,710
- Perpetual capital security	-	-	13,248,614	8,118,100
- Reversal of impairment loss attributable to Yancoal	10,199	(1,784)	(79,241)	(89,440)
- Acquisition of 厚朴項目	320,892	323,891	(7,537,093)	(7,857,985)
- Acquisition 東方盛隆 and 上海東江	-	-	(90,426)	(90,426)
- Others	-	-	647,648	647,648
As per consolidated financial statements prepared under PRC GAAP	30,773,610	16,258,908	94,735,306	68,186,190

For further details
about information disclosure,
please visit the website of
Yankuang Energy Group Company Limited at

