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

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

**2015 INTERIM RESULTS ANNOUNCEMENT FOR THE PERIOD  
AS AT 30 JUNE 2015**

The board of directors (the “**Board**”) of Yanzhou Coal Mining Company Limited (the “**Company**”) is pleased to announce the unaudited 2015 interim results of the Company and its subsidiaries for the period as at 30 June 2015. The interim results have been reviewed by the audit committee of the Board. This announcement, containing the full text of the Interim Report of the Company for 2015, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results. The 2015 interim results of the Company is available for viewing on the websites of the Hong Kong Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.yanzhoucoal.com.cn](http://www.yanzhoucoal.com.cn).

*As at the date of this announcement, the directors of the Company are Mr. Li Xiyong, Mr. Yin Mingde, Mr. Wu Yuxiang, Mr. Zhang Baocai, Mr. Wu Xiangqian and Mr. Jiang Qingquan, and the independent non-executive directors of the Company are Mr. Wang Lijie, Mr. Jia Shaohua, Mr. Wang Xiaojun and Mr. Xue Youzhi.*

## DEFINITION

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

|                                                   |                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Yanzhou Coal”, “Company” or “the Company”        | Yanzhou Coal Mining Company Limited, a joint stock limited company incorporated under the laws of the PRC in 1997 and the H Shares, the ADSs and A Shares of which are listed on the Hong Kong Stock Exchange, New York Stock Exchange Inc. and the Shanghai Stock Exchange, respectively;                   |
| “Group” or “the Group”                            | the Company and its subsidiaries;                                                                                                                                                                                                                                                                            |
| “Yankuang Group” or “the Controlling Shareholder” | Yankuang Group Company Limited, a company with limited liability reformed and established in accordance with PRC laws in 1996, being the controlling shareholder of the Company directly and indirectly holding 56.52% of the total share capital of the Company as at the end of this reporting period;     |
| “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, mainly engages in the operation of the 0.6 million tonnes methanol project in Shaanxi province;                                   |
| “Heze Neng Hua”                                   | Yanmei Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a 98.33% owned subsidiary of the Company, mainly engages in the development of Juye coal field in Heze city, Shandong province;                                                    |
| “Shanxi Neng Hua”                                 | Yanzhou Coal Shanxi Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2002 and a wholly-owned subsidiary of the Company, mainly engages in the management of the projects invested in Shanxi province by the Company;                                     |
| “Hua Ju Energy”                                   | Shandong Hua Ju Energy Company Limited, a joint stock limited company incorporated under the laws of the PRC in 2002 and a 95.14% owned subsidiary of the Company, mainly engages in the thermal power generation by gangue and slurry, and heat supply;                                                     |
| “Ordos Neng Hua”                                  | Yanzhou Coal Ordos Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2009 and a wholly-owned subsidiary of the Company, mainly engages in the development of coal resources and chemical projects of the Company in the Inner Mongolia Autonomous Region; |
| “Haosheng Company”                                | Inner Mongolia Haosheng Coal Mining Company Limited, a company with limited liability incorporated under the laws of the PRC in 2010 and a 74.82% owned subsidiary of the Company, mainly engages in the project development of Shilawusu coal field located in Ordos, Inner Mongolia Autonomous Region;     |

## DEFINITION – CONTINUED

|                            |                                                                                                                                                                                                                                                                                                                                                |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “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, mainly engages in the design, manufacturing, installation, repairing and maintenance of the Company’s mining equipment, electromechanical equipments and parts; |
| “Yancoal Australia”        | Yancoal Australia Limited, a company with limited liability incorporated under the laws of Australia in 2004 and a 78% owned subsidiary of the Company. The shares of Yancoal Australia are traded on the Australian Securities Exchange;                                                                                                      |
| “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;                                                                                                                                                               |
| “Railway Assets”           | The railway assets specifically used for transportation of coal for the Company, which are located in Jining City, Shandong province;                                                                                                                                                                                                          |
| “H Shares”                 | Overseas listed foreign invested shares in the ordinary share capital of the Company, with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;                                                                                                                                                                    |
| “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;                                                                                                                                                                                             |
| “ADSs”                     | American depositary shares, each representing ownership of 10 H Shares, which are listed on New York Stock Exchange Inc.;                                                                                                                                                                                                                      |
| “PRC”                      | The People’s Republic of China;                                                                                                                                                                                                                                                                                                                |
| “CASs” or “ASBEs”          | Accounting Standard for Business Enterprises and the relevant explanations issued by the Ministry of Finance of PRC;                                                                                                                                                                                                                           |
| “IFRS”                     | International Financial Reporting Standards issued by the International Accounting Standard Board;                                                                                                                                                                                                                                             |
| “CSRC”                     | China Securities Regulatory Commission;                                                                                                                                                                                                                                                                                                        |
| “Hong Kong Listing Rules”  | Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;                                                                                                                                                                                                                                                          |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited;                                                                                                                                                                                                                                                                                                       |
| “Shanghai Stock Exchange”  | the Shanghai Stock Exchange;                                                                                                                                                                                                                                                                                                                   |
| “Articles”                 | the articles of association of the Company;                                                                                                                                                                                                                                                                                                    |
| “Shareholders”             | the shareholders of the Company;                                                                                                                                                                                                                                                                                                               |

## DEFINITION – CONTINUED

|               |                                                                       |
|---------------|-----------------------------------------------------------------------|
| “Directors”   | the directors of the Company;                                         |
| “Board”       | the board of directors of the Company;                                |
| “Supervisors” | the supervisors of the Company;                                       |
| “RMB”         | Renminbi, the lawful currency of the PRC, unless otherwise specified; |
| “AUD”         | Australian dollars, the lawful currency of Australia; and             |
| “USD”         | the United States dollars, the lawful currency of the United States.  |

## CHAPTER 1 GROUP PROFILE AND GENERAL INFORMATION

- (1) Statutory Chinese Name: 兖州煤业股份有限公司  
Abbreviation of Chinese Name: 兖州煤业  
Statutory English Name: Yanzhou Coal Mining Company Limited  
Abbreviation of English Name: Yanzhou Coal
- (2) Legal Representative: Li Xiyong
- (3) Authorized Representatives of the Hong Kong Stock Exchange: Wu Yuxiang, Zhang Baocai  
Secretary to the Board/Company Secretary: Zhang Baocai  
Address: Office of the Secretary to the Board, 298 Fushan Road South, Zoucheng City,  
Shandong Province, PRC  
Tel: (86537) 5382319 Fax: (86537) 5383311  
E-mail Address: yzc@yanzhoucoal.com.cn  
Representative of the Shanghai Stock Exchange: Jin Qingbin  
Address: Office of the Secretary to the Board, 298 Fushan Road South, Zoucheng City,  
Shandong Province, PRC  
Tel: (86537) 5393760 Fax: (86537) 5383311  
E-mail Address: yanzhoucoal@163.com
- (4) Registered Address : 298 Fushan Road South, Zoucheng City, Shandong Province, PRC  
Office Address: 298 Fushan Road South, Zoucheng City, Shandong Province, PRC  
Postal Code: 273500  
Official Website: <http://www.yanzhoucoal.com.cn>  
E-mail Address: yzc@yanzhoucoal.com.cn
- (5) Newspapers for information disclosure in PRC: China Securities Journal, Shanghai Securities News  
Website for publishing the Company's Interim Report in PRC: <http://www.sse.com.cn>  
Websites for publishing the Company's Interim Report overseas: <http://www.hkexnews.hk>  
<http://www.sec.gov>  
Interim Report are available at: Office of the Secretary to the Board, Yanzhou Coal Mining Company Limited

## CHAPTER 1 GROUP PROFILE AND GENERAL INFORMATION – CONTINUED

(6) Places of Listing, Stock Abbreviation and Stock Code

A Shares — Place of listing: The Shanghai Stock Exchange

Stock Abbreviation: Yanzhou Mei Ye

Stock Code: 600188

H Shares — Place of listing: The Stock Exchange of Hong Kong Limited

Stock Code: 1171

ADRs — Place of listing: The New York Stock Exchange, Inc.

Ticker Symbol: YZC

(7) Other relevant information

For details of initial business registration, please refer to Group Profile in the annual report 1998.

Date of current business registration: 3 June 2015

Current address of registration: 298 Fushan Road South, Zoucheng City, Shandong Province, PRC

Registration number of Corporate Business License of the Enterprise Legal Person: 370000400001016

Tax Registration Certificate Number: Jiguoshuizi 370883166122374

Organization Code: 16612237-4

Certified Public Accountants (Domestic)

Name: Shine Wing Certified Public Accountants (special general partnership)

Office Address: 9/F, Block A, Fuhua Mansion, 8 Chaoyangmen Beidajie, Dongcheng District, Beijing, PRC

Certified Public Accountants (International)

Name: Grant Thornton Hong Kong Limited

Office Address: 12th Floor, 28 Hennessy Road, Wanchi, Hong Kong

Name: Grant Thornton (special general partnership)

Office Address: 5th Floor, Scitech Place 22 Jianguomen Wai Avenue Chaoyang District Beijing, PRC

## CHAPTER 2 BUSINESS HIGHLIGHTS

### I. REVIEW OF OPERATIONS

|                                           |                     | For the<br>six months<br>ended 30<br>June 2015 | For the<br>six months<br>ended 30<br>June 2014 | Increase/<br>Decrease | Percentage<br>increase/<br>decrease (%) |
|-------------------------------------------|---------------------|------------------------------------------------|------------------------------------------------|-----------------------|-----------------------------------------|
| <b>1. Coal business</b>                   |                     |                                                |                                                |                       |                                         |
| Raw coal production                       | kilotonne           | 34,933                                         | 36,701                                         | -1,768                | -4.82                                   |
| Salable coal production                   | kilotonne           | 31,995                                         | 33,687                                         | -1,692                | -5.02                                   |
| Salable coal sales volume                 | kilotonne           | 42,992                                         | 59,417                                         | -16,425               | -27.64                                  |
| <b>2. Railway transportation business</b> |                     |                                                |                                                |                       |                                         |
| Transportation volume                     | kilotonne           | 7,526                                          | 8,894                                          | -1,368                | -15.38                                  |
| <b>3. Coal chemicals business</b>         |                     |                                                |                                                |                       |                                         |
| Methanol production                       | kilotonne           | 834                                            | 332                                            | 502                   | 151.20                                  |
| Methanol sales volume                     | kilotonne           | 829                                            | 338                                            | 491                   | 145.27                                  |
| <b>4. Electric power business</b>         |                     |                                                |                                                |                       |                                         |
| Power generation                          | 10,000kWh           | 124,987                                        | 60,228                                         | 64,759                | 107.52                                  |
| Electricity sold                          | 10,000kWh           | 74,613                                         | 16,491                                         | 58,122                | 352.45                                  |
| <b>5. Heat business</b>                   |                     |                                                |                                                |                       |                                         |
| Heat generation                           | 10,000 steam tonnes | 90                                             | 88                                             | 2                     | 2.27                                    |
| Heat sales volume                         | 10,000 steam tonnes | 4                                              | 5                                              | -1                    | -20.00                                  |

## CHAPTER 2 BUSINESS HIGHLIGHTS – CONTINUED

### II. FINANCIAL HIGHLIGHTS

(Prepared in accordance with the IFRS)

#### (I) Operating Results

|                                                                                   | For the six months ended 30 June |                                  |                                                                    | For the year ended 31 December 2014<br>(RMB'000)<br>(audited) |
|-----------------------------------------------------------------------------------|----------------------------------|----------------------------------|--------------------------------------------------------------------|---------------------------------------------------------------|
|                                                                                   | 2015<br>(RMB'000)<br>(unaudited) | 2014<br>(RMB'000)<br>(unaudited) | Changes as compared with the corresponding period of last year (%) |                                                               |
| Sales income                                                                      | 18,143,958                       | 30,933,389                       | -41.35                                                             | 60,370,764                                                    |
| Gross profit                                                                      | 3,222,131                        | 4,336,943                        | -25.71                                                             | 7,481,414                                                     |
| Interest expenses                                                                 | (1,502,540)                      | (1,120,423)                      | 34.10                                                              | (2,183,581)                                                   |
| Income before income tax                                                          | 244,077                          | 337,429                          | -27.67                                                             | 1,599,910                                                     |
| Net income attributable to equity holders of the Company for the reporting period | (50,626)                         | 587,235                          | -108.62                                                            | 766,158                                                       |
| Earnings per share                                                                | RMB(0.01)                        | RMB0.12                          | -108.33                                                            | RMB0.16                                                       |

#### (II) Assets and Liabilities

|                                                      | For the six months ended 30 June |                                  | For the year ended 31 December 2014 |
|------------------------------------------------------|----------------------------------|----------------------------------|-------------------------------------|
|                                                      | 2015<br>(RMB'000)<br>(unaudited) | 2014<br>(RMB'000)<br>(unaudited) | 2014<br>(RMB'000)<br>(audited)      |
| Current assets                                       | 40,288,743                       | 39,931,920                       | 38,086,343                          |
| Current liabilities                                  | 31,283,229                       | 28,988,372                       | 27,329,883                          |
| Total assets                                         | 134,393,916                      | 138,648,875                      | 133,098,114                         |
| Equity attributable to equity holders of the Company | 36,834,550                       | 42,562,726                       | 38,725,846                          |
| Net assets value per share                           | RMB7.49                          | RMB8.65                          | RMB7.87                             |
| Return on net assets (%)                             | -0.14                            | 1.38                             | 1.98                                |

## CHAPTER 2 BUSINESS HIGHLIGHTS – CONTINUED

### (III) Summary Statement of Cash Flows

|                                    | For the six months ended 30 June |             |               |              |
|------------------------------------|----------------------------------|-------------|---------------|--------------|
|                                    | 2015                             | 2014        | Changes as    | For the year |
|                                    | (RMB'000)                        | (RMB'000)   | compared      | ended 31     |
|                                    | (unaudited)                      | (unaudited) | with the      | December     |
|                                    |                                  |             | corresponding | 2014         |
|                                    |                                  |             | period of     | (RMB'000)    |
|                                    |                                  |             | last year     | (audited)    |
|                                    |                                  |             | (%)           |              |
| Net cash from operating activities | -2,042,466                       | 409,735     | -598.48       | 4,171,816    |
| Net increase in cash and           |                                  |             |               |              |
| cash equivalents                   | 71,952                           | 2,561,514   | -97.19        | 4,329,190    |
| Net cash flow per share from       |                                  |             |               |              |
| operating activities               | RMB-0.42                         | RMB0.08     | -625.00       | RMB0.85      |

## CHAPTER 3 BOARD OF DIRECTORS' REPORT

### I. MANAGEMENT DISCUSSION AND ANALYSIS

#### (I) Operational Analysis by Industries, Products or Regions

##### 1. Main business by industries

|                                   | Sales<br>income<br>(RMB'000) | Sales<br>cost<br>(RMB'000) | Gross<br>profit<br>(%) | Increase/<br>decrease in<br>sales income<br>as compared<br>with the same<br>period of 2014<br>(%) | Increase/<br>decrease<br>in sales cost<br>as compared<br>with the same<br>period of 2014<br>(%) | Increase/<br>decrease in<br>gross profit ratio<br>as compared<br>with the same<br>period of 2014<br>(percentage point) |
|-----------------------------------|------------------------------|----------------------------|------------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------|
| 1.Coal business                   | 16,472,325                   | 12,755,272                 | 22.57                  | -45.10                                                                                            | -48.57                                                                                          | 5.23                                                                                                                   |
| 2.Railway transportation business | 156,455                      | 109,271                    | 30.16                  | -27.37                                                                                            | -17.35                                                                                          | -8.47                                                                                                                  |
| 3.Coal chemicals business         | 1,218,377                    | 869,177                    | 28.66                  | 93.12                                                                                             | 101.49                                                                                          | -2.96                                                                                                                  |
| 4.Electric power business         | 286,641                      | 249,910                    | 12.81                  | 311.67                                                                                            | 357.90                                                                                          | -8.80                                                                                                                  |
| 5.Heat business                   | 10,160                       | 4,047                      | 60.17                  | -18.84                                                                                            | -32.55                                                                                          | 8.10                                                                                                                   |

##### 2. The operation of business segments

###### (1) Coal business

###### 1) Coal Production

In the first half of 2015, the raw coal production of the Group was 34.93 million tonnes, representing a decrease of 1.77 million tonnes or 4.8% as compared with that of the first half of 2014. Salable coal production of the Group for the reporting period was 32 million tonnes, representing a decrease of 1.69 million tonnes or 5.0% as compared with that of the first half of 2014.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

The following table sets out the coal production of the Group for the first half of 2015:

|                             | For the six<br>months ended<br>30 June 2015<br>(kilotonne) | For the six<br>months ended<br>30 June 2014<br>(kilotonne) | Increase/<br>decrease<br>(kilotonne) | Increase/<br>decrease<br>(%) |
|-----------------------------|------------------------------------------------------------|------------------------------------------------------------|--------------------------------------|------------------------------|
| I. Raw coal production      | 34,933                                                     | 36,701                                                     | -1,768                               | -4.82                        |
| 1. The Company              | 17,745                                                     | 18,940                                                     | -1,195                               | -6.31                        |
| 2. Shanxi Neng Hua          | 667                                                        | 851                                                        | -184                                 | -21.62                       |
| 3. Heze Neng Hua            | 1,965                                                      | 1,559                                                      | 406                                  | 26.04                        |
| 4. Ordos Neng Hua           | 1,816                                                      | 2,801                                                      | -985                                 | -35.17                       |
| 5. Yancoal Australia        | 9,258                                                      | 9,819                                                      | -561                                 | -5.71                        |
| 6. Yancoal International    | 3,482                                                      | 2,731                                                      | 751                                  | 27.50                        |
| II. Salable coal production | 31,995                                                     | 33,687                                                     | -1,692                               | -5.02                        |
| 1. The Company              | 17,735                                                     | 18,922                                                     | -1,187                               | -6.27                        |
| 2. Shanxi Neng Hua          | 656                                                        | 843                                                        | -187                                 | -22.18                       |
| 3. Heze Neng Hua            | 1,963                                                      | 1,558                                                      | 405                                  | 25.99                        |
| 4. Ordos Neng Hua           | 1,813                                                      | 2,796                                                      | -983                                 | -35.16                       |
| 5. Yancoal Australia        | 6,694                                                      | 7,117                                                      | -423                                 | -5.94                        |
| 6. Yancoal International    | 3,134                                                      | 2,451                                                      | 683                                  | 27.87                        |

### 2) Coal prices and sales

In the first half of 2015, the demand for coal in the domestic and overseas markets was weak and the average coal price of the Group decreased as compared with that of the first half of 2014.

The Group sold 42.99 million tonnes of coal in the first half of 2015, representing a decrease of 16.43 million tonnes or 27.6% as compared with that of the first half of 2014. The decrease of coal sales was mainly due to the decrease in sales by 14.71 million tonnes of externally purchased coal as compared with that of the first half of 2014.

In the first half of 2015, the Group realized a sales income of RMB16.4723 billion for its coal business, representing a decrease of RMB13.5326 billion or 45.1% as compared with that of the first half of 2014.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

The following table sets out the Group's sales of coal for the first half of 2015:

|                                     | For the six months ended 30 June 2015 |                                |                               |                              | For the six months ended 30 June 2014 |                                |                               |                              |
|-------------------------------------|---------------------------------------|--------------------------------|-------------------------------|------------------------------|---------------------------------------|--------------------------------|-------------------------------|------------------------------|
|                                     | Coal<br>production<br>(kilotonne)     | Sales<br>volume<br>(kilotonne) | Sales<br>price<br>(RMB/tonne) | Sales<br>income<br>(RMB'000) | Coal<br>production<br>(kilotonne)     | Sales<br>volume<br>(kilotonne) | Sales<br>price<br>(RMB/tonne) | Sales<br>income<br>(RMB'000) |
| <b>1. The Company</b>               |                                       |                                |                               |                              |                                       |                                |                               |                              |
| No. 1 clean coal                    | 66                                    | 112                            | 517.56                        | 57,832                       | 103                                   | 148                            | 640.75                        | 95,190                       |
| No. 2 clean coal                    | 4,119                                 | 3,521                          | 475.45                        | 1,674,029                    | 5,023                                 | 5,221                          | 601.57                        | 3,140,621                    |
| Domestic sales                      | —                                     | 3,521                          | 475.45                        | 1,674,029                    | —                                     | 5,213                          | 601.23                        | 3,134,193                    |
| Export                              | —                                     | —                              | —                             | —                            | —                                     | 8                              | 834.81                        | 6,428                        |
| No. 3 clean coal                    | 2,091                                 | 2,136                          | 414.58                        | 885,630                      | 2,303                                 | 2,462                          | 487.80                        | 1,200,792                    |
| Lump coal                           | 1,065                                 | 1,112                          | 419.75                        | 466,863                      | 1,187                                 | 1,201                          | 548.31                        | 658,499                      |
| Sub-total of clean coal             | 7,341                                 | 6,881                          | 448.23                        | 3,084,354                    | 8,616                                 | 9,032                          | 564.13                        | 5,095,102                    |
| Domestic sales                      | —                                     | 6,881                          | 448.23                        | 3,084,354                    | —                                     | 9,024                          | 563.89                        | 5,088,674                    |
| Export                              | —                                     | —                              | —                             | —                            | —                                     | 8                              | 834.81                        | 6,428                        |
| Screened raw coal                   | 6,812                                 | 5,866                          | 321.67                        | 1,886,810                    | 5,669                                 | 5,799                          | 416.99                        | 2,418,099                    |
| Mixed coal & Others                 | 3,582                                 | 3,570                          | 246.39                        | 879,536                      | 4,637                                 | 3,250                          | 292.80                        | 951,562                      |
| Total for the Company               | 17,735                                | 16,317                         | 358.57                        | 5,850,700                    | 18,922                                | 18,081                         | 468.17                        | 8,464,763                    |
| Domestic sales                      | —                                     | 16,317                         | 358.57                        | 5,850,700                    | —                                     | 18,073                         | 468.01                        | 8,458,335                    |
| <b>2. Shanxi Neng Hua</b>           | 656                                   | 658                            | 167.89                        | 110,448                      | 843                                   | 773                            | 229.05                        | 177,012                      |
| Screened raw coal                   | 656                                   | 658                            | 167.89                        | 110,448                      | 843                                   | 773                            | 229.05                        | 177,012                      |
| <b>3. Heze Neng Hua</b>             | 1,963                                 | 1,279                          | 415.78                        | 531,816                      | 1,558                                 | 1,690                          | 524.16                        | 885,740                      |
| No. 1 clean coal                    | —                                     | —                              | —                             | —                            | 21                                    | 21                             | 782.05                        | 16,155                       |
| No. 2 clean coal                    | 1,052                                 | 911                            | 511.56                        | 465,961                      | 874                                   | 1,006                          | 687.82                        | 691,761                      |
| Mixed coal & Others                 | 911                                   | 368                            | 178.95                        | 65,855                       | 663                                   | 663                            | 268.04                        | 177,824                      |
| <b>4. Ordos Neng Hua</b>            | 1,813                                 | 1,893                          | 187.06                        | 354,138                      | 2,796                                 | 2,474                          | 173.02                        | 428,061                      |
| Screened raw coal                   | 1,813                                 | 1,893                          | 187.06                        | 354,138                      | 2,796                                 | 2,474                          | 173.02                        | 428,061                      |
| <b>5. Yancoal Australia</b>         | 6,694                                 | 7,484                          | 406.35                        | 3,041,023                    | 7,117                                 | 7,063                          | 520.90                        | 3,679,105                    |
| Semi-hard coking coal               | 478                                   | 535                            | 510.42                        | 273,010                      | 481                                   | 477                            | 584.15                        | 278,762                      |
| Semi-soft coking coal               | 557                                   | 623                            | 524.22                        | 326,499                      | 728                                   | 722                            | 617.58                        | 445,457                      |
| PCI coal                            | 1,039                                 | 1,161                          | 511.95                        | 594,621                      | 1,634                                 | 1,622                          | 591.38                        | 959,362                      |
| Thermal coal                        | 4,620                                 | 5,165                          | 357.61                        | 1,846,893                    | 4,274                                 | 4,242                          | 470.40                        | 1,995,524                    |
| <b>6. Yancoal International</b>     | 3,134                                 | 3,182                          | 285.56                        | 908,658                      | 2,451                                 | 2,451                          | 295.22                        | 723,516                      |
| Thermal coal                        | 3,134                                 | 3,182                          | 285.56                        | 908,658                      | 2,451                                 | 2,451                          | 295.22                        | 723,516                      |
| <b>7. Externally purchased coal</b> | —                                     | 12,179                         | 465.98                        | 5,675,542                    | —                                     | 26,885                         | 581.98                        | 15,646,753                   |
| <b>8. Total for the Group</b>       | <b>31,995</b>                         | <b>42,992</b>                  | <b>383.15</b>                 | <b>16,472,325</b>            | <b>33,687</b>                         | <b>59,417</b>                  | <b>504.99</b>                 | <b>30,004,950</b>            |

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

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

|                           | Impact of<br>change in<br>coal sales<br>volume<br>(RMB'000) | Impact of<br>change in<br>the sales<br>price of coal<br>(RMB'000) |
|---------------------------|-------------------------------------------------------------|-------------------------------------------------------------------|
| The Company               | -825,720                                                    | -1,788,343                                                        |
| Shanxi Neng Hua           | -26,321                                                     | -40,243                                                           |
| Heze Neng Hua             | -215,306                                                    | -138,618                                                          |
| Ordos Neng Hua            | -100,501                                                    | 26,578                                                            |
| Yancoal Australia         | 219,210                                                     | -857,292                                                          |
| Yancoal International     | 215,880                                                     | -30,738                                                           |
| Externally purchased coal | -8,558,447                                                  | -1,412,764                                                        |

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

The following table sets out the Group's sales in terms of geographical regions for the first half of 2015:

|                        | For the six months ended<br>30 June 2015 |                           | For the six months ended<br>30 June 2014 |                           |
|------------------------|------------------------------------------|---------------------------|------------------------------------------|---------------------------|
|                        | Sales volume<br>(Kilotonne)              | Sales income<br>(RMB'000) | Sales volume<br>(Kilotonne)              | Sales income<br>(RMB'000) |
| 1. China               | 32,969                                   | 12,817,883                | 51,032                                   | 26,183,450                |
| Eastern China          | 27,987                                   | 10,943,784                | 47,187                                   | 24,689,148                |
| Northern China         | 2,117                                    | 638,594                   | 3,444                                    | 1,250,355                 |
| Other regions          | 2,865                                    | 1,235,505                 | 401                                      | 243,947                   |
| 2. Japan               | 1,157                                    | 521,222                   | 1,090                                    | 566,577                   |
| 3. South Korea         | 2,474                                    | 1,055,098                 | 1,935                                    | 1,047,630                 |
| 4. Australia           | 2,625                                    | 706,471                   | 2,771                                    | 848,300                   |
| 5. Others              | 3,767                                    | 1,371,651                 | 2,589                                    | 1,358,993                 |
| 6. Total for the Group | 42,992                                   | 16,472,325                | 59,417                                   | 30,004,950                |

Most of the Group's coal products are sold to the electricity, metallurgy, chemical industries and traders, etc..

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

The following table sets out the Group's sales volume and sales income of coal in terms of industries for the first half of 2015:

|                        | For the six months ended    |                           | For the six months ended    |                           |
|------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
|                        | 30 June 2015                |                           | 30 June 2014                |                           |
|                        | Sales volume<br>(Kilotonne) | Sales income<br>(RMB'000) | Sales volume<br>(Kilotonne) | Sales income<br>(RMB'000) |
| 1. Electricity         | 15,005                      | 5,793,385                 | 11,238                      | 4,630,434                 |
| 2. Metallurgy          | 2,689                       | 1,395,189                 | 3,518                       | 2,021,591                 |
| 3. Chemical            | 3,705                       | 1,653,691                 | 4,118                       | 2,445,695                 |
| 4. Trades              | 18,029                      | 6,675,824                 | 37,907                      | 19,590,515                |
| 5. Others              | 3,564                       | 954,236                   | 2,636                       | 1,316,715                 |
| 6. Total for the Group | 42,992                      | 16,472,325                | 59,417                      | 30,004,950                |

### 3) Cost of coal sales

The Group's cost of coal sales in the first half of 2015 was RMB12.7553 billion, representing a decrease of RMB12.0457 billion, or 48.6% as compared with that of the first half of 2014. This was mainly due to the fact that: (1) the decrease of the cost of sales by RMB9.8978 billion affected by the decrease of externally purchased coal as compared with that of the first half of 2014. (2) the cost of sales was affected and decreased by RMB1.9466 billion through the implementation of expense economization, expense reduction and strengthening of cost controls.

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

|                           |                         |         | For the six<br>months ended | For the six<br>months ended | Increase/<br>decrease | Percentage<br>of increase/<br>decrease (%) |
|---------------------------|-------------------------|---------|-----------------------------|-----------------------------|-----------------------|--------------------------------------------|
| Unit                      |                         |         | 30 June 2015                | 30 June 2014                |                       |                                            |
| The Company               | Total cost of sales     | RMB'000 | 3,789,555                   | 4,933,333                   | -1,143,778            | -23.18                                     |
|                           | Cost of sales per tonne | RMB     | 224.02                      | 264.91                      | -40.89                | -15.44                                     |
| Shanxi Neng Hua           | Total cost of sales     | RMB'000 | 90,595                      | 125,501                     | -34,906               | -27.81                                     |
|                           | Cost of sales per tonne | RMB     | 137.72                      | 162.40                      | -24.68                | -15.20                                     |
| Heze Neng Hua             | Total cost of sales     | RMB'000 | 453,652                     | 527,489                     | -73,837               | -14.00                                     |
|                           | Cost of sales per tonne | RMB     | 264.53                      | 312.16                      | -47.63                | -15.26                                     |
| Ordos Neng Hua            | Total cost of sales     | RMB'000 | 279,348                     | 371,434                     | -92,086               | -24.79                                     |
|                           | Cost of sales per tonne | RMB     | 147.56                      | 150.13                      | -2.57                 | -1.71                                      |
| Yancoal Australia         | Total cost of sales     | RMB'000 | 2,299,911                   | 2,856,586                   | -556,675              | -19.49                                     |
|                           | Cost of sales per tonne | RMB     | 307.32                      | 404.45                      | -97.13                | -24.02                                     |
| Yancoal International     | Total cost of sales     | RMB'000 | 645,988                     | 694,375                     | -48,387               | -6.97                                      |
|                           | Cost of sales per tonne | RMB     | 203.01                      | 283.33                      | -80.32                | -28.35                                     |
| Externally purchased coal | Total cost of sales     | RMB'000 | 5,651,060                   | 15,548,891                  | -9,897,831            | -63.66                                     |
|                           | Cost of sales per tonne | RMB     | 463.97                      | 578.35                      | -114.38               | -19.78                                     |

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

In the first half of 2015, the cost of coal sales of the Company is RMB3.7896 billion, representing a decrease of RMB1.1438 billion or 23.2% as compared with that of the first half of 2014. The cost of coal sales per tonne is RMB224.02, representing a decrease of RMB40.89 or 15.4%. The main reasons were that: (1) the cost of sales per tonne was affected and decreased by RMB45.53 through the optimization of human resource configuration, staffs downsizing and efficiency improvement, personnel transfers to the external development projects to reduce labor costs; (2) the cost of sales per tonne was affected and decreased by RMB10.78 through optimization of production systems and process, decreasing of material consumption per tonne, controls of cost of materials purchasing and decreasing of material expenses; (3) the cost of sales per tonne was affected and decreased by RMB3.46 through cutting down of the other controllable costs; (4) coal sales volume was decreased as compared with the first half of 2014. Therefore the cost of coal sales per tonne was affected and increased by RMB20.53.

In the first half of 2015, the cost of coal sales of Shanxi Neng Hua is RMB90.595 million, representing a decrease of RMB34.906 million or 27.8% as compared with that of the first half of 2014. The cost of sales per tonne is RMB137.72, representing a decrease of RMB24.68 or 15.2% as compared with that of the first half of 2014. The main reasons were: (1) the cost of sales per ton was affected and decreased by RMB19.50 through the reduction of outsourcing laboring services; (2) the cost of sales per tonne was affected and decreased by RMB15.14 and RMB6.29 respectively through the optimization of human resource configuration, decreasing of labor cost and material cost; (3) the decrease in coal sales volume increased the cost of coal sales per tonne by RMB20.49 as compared with that of the first half of 2014.

In the first half of 2015, the cost of coal sales of Heze Neng Hua is RMB453.7 million, representing a decrease of RMB73.837 million or 14.0% as compared with that of the first half of 2014. The cost of sales per tonne is RMB264.53, representing a decrease of RMB47.63 or 15.3% as compared with that of the first half of 2014. The main reasons were that: (1) the cost of sales per tonne was affected and decreased by RMB18.30 through the optimization of human resource configuration, staffs downsizing and efficiency improvement to reduce the labor cost; (2) the cost of sales per tonne was affected and decreased by RMB20.13 and RMB8.69 respectively through optimization of production systems and process, decreasing of material consumption and electricity consumption.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

In the first half of 2015, the cost of coal sales of Yancoal Australia is RMB2.2999 billion, representing a decrease of RMB556.7 million or 19.5% as compared with that of the first half of 2014. The cost of sales per tonne is RMB307.32, representing a decrease of RMB97.13 or 24.0% as compared with that of the first half of 2014. The main reasons were that: (1) the cost of sales per tonne was affected and decreased by RMB14.18 through the optimization of mining production layouts, reduction of material consumptions; (2) the cost of sales per tonne was affected and decreased by RMB8.18 through the optimization of human resources configuration and reduction labors; (3) the cost of coal sales per tonne was affected and decreased by RMB7.78 through the optimization and regulating of the equipment application, and reduction of equipment rental fees; (4) coal sales volume was increased as compared with that of the first half of 2014. Therefore the cost of sales per tonne was affected and decreased by RMB18.31; (5) the cost of coal sales per tonne was affected and decreased by RMB27.88 due to the exchange rate depreciation of Australian dollar against RMB as compared with that of the first half of 2014.

In the first half of 2015, the cost of coal sales of Yancoal International is RMB646 million, representing a decrease of RMB48.387 million or 7.0% as compared with that of the first half of 2014. The cost of sales per tonne is RMB203.01, representing a decrease of RMB80.32 or 28.3% as compared with that of the first half of 2014. The main reason was that (1) coal sales volume was increased as compared with that of the first half of 2014. Therefore the cost of coal sales per tonne was affected and decreased by RMB60.58; (2) the cost of coal sales per tonne was affected and decreased by RMB17.44 due to the exchange rate depreciation of Australian dollar against RMB as compared with that of the first half of 2014.

### *(2) Railway transportation business*

In the first half of 2015, the transportation volume of the Railway Assets was 7.53 million tonnes, representing a decrease of 1.37 million tonnes or 15.4% as compared with that of the first half of 2014. Income from railway transportation services of the Company (income from transported volume settled on the basis of off-mine prices and special purpose railway transportation fees borne by customers) was RMB156.5 million in the first half of 2015, representing a decrease of RMB58.958 million or 27.4% as compared with that of the first half of 2014. The cost of railway transportation services was RMB109.3 million, representing a decrease of RMB22.935 million or 17.3% as compared with that of the first half of 2014.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### (3) Coal chemicals business

The following table sets out the summary of operation of the Group's methanol business for the first half of 2015:

|                  | Methanol production (Kiloton) |              |              | Methanol sold (Kiloton) |              |              |
|------------------|-------------------------------|--------------|--------------|-------------------------|--------------|--------------|
|                  | For the six                   | For the six  | Percentage   | For the six             | For the six  | Percentage   |
|                  | months ended                  | months ended | of increase/ | months ended            | months ended | of increase/ |
|                  | 30 June                       | 30 June      | decrease     | 30 June                 | 30 June      | decrease     |
|                  | 2015                          | 2014         | (%)          | 2015                    | 2014         | (%)          |
| 1.Yulin Neng Hua | 351                           | 332          | 5.72         | 357                     | 338          | 5.62         |
| 2.Ordos Neng Hua | 483                           | —            | —            | 472                     | —            | —            |

Note: the methanol project of Ordos Neng Hua was put into commercial operating since January 2015.

|                  | Sales income (RMB'000) |              |              | Cost of sales (RMB '000) |              |              |
|------------------|------------------------|--------------|--------------|--------------------------|--------------|--------------|
|                  | For the six            | For the six  | Percentage   | For the six              | For the six  | Percentage   |
|                  | months ended           | months ended | of increase/ | months ended             | months ended | of increase/ |
|                  | 30 June                | 30 June      | decrease     | 30 June                  | 30 June      | decrease     |
|                  | 2015                   | 2014         | (%)          | 2015                     | 2014         | (%)          |
| 1.Yulin Neng Hua | 526,458                | 630,880      | -16.55       | 396,424                  | 455,543      | -12.98       |
| 2.Ordos Neng Hua | 691,919                | —            | —            | 472,754                  | —            | —            |

### (4) Power generation business

The following table sets out the summary of operation of the Group's power generation business for the first half of 2015:

|                  | Power generation (10,000 kW/h) |              |              | Electricity sold (10,000 kW/h) |              |              |
|------------------|--------------------------------|--------------|--------------|--------------------------------|--------------|--------------|
|                  | For the six                    | For the six  | Percentage   | For the six                    | For the six  | Percentage   |
|                  | months ended                   | months ended | of increase/ | months ended                   | months ended | of increase/ |
|                  | 30 June                        | 30 June      | decrease     | 30 June                        | 30 June      | decrease     |
|                  | 2015                           | 2014         | (%)          | 2015                           | 2014         | (%)          |
| 1.Hua Ju Energy  | 48,796                         | 46,720       | 4.44         | 15,472                         | 15,811       | -2.14        |
| 2.Yulin Neng Hua | 13,160                         | 13,508       | -2.58        | 594                            | 680          | -12.65       |
| 3. Heze Neng Hua | 63,031                         | —            | —            | 58,547                         | —            | —            |

- Note: 1. Since March 2014, the electricity generated by power plant of Hua Ju Energy is sold externally after satisfying its internal operating requirements.
2. Electricity generated by power plant of Yulin Neng Hua is sold externally after satisfying its internal operation requirements.
3. The power plant of Heze Neng Hua was put into commercial operation since November 2014.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

|                   | Sales income (RMB '000) |                 |                              | Cost of sales (RMB '000) |                 |                              |
|-------------------|-------------------------|-----------------|------------------------------|--------------------------|-----------------|------------------------------|
|                   | For the six             | For the six     | Increase/<br>decrease<br>(%) | For the six              | For the six     | Increase/<br>decrease<br>(%) |
|                   | months ended            | months ended    |                              | months ended             | months ended    |                              |
|                   | 30 June<br>2015         | 30 June<br>2014 |                              | 30 June<br>2015          | 30 June<br>2014 |                              |
| 1. Hua Ju Energy  | 76,425                  | 68,085          | 12.25                        | 51,509                   | 52,288          | -1.49                        |
| 2. Yulin Neng Hua | 1,348                   | 1,543           | -12.64                       | 1,872                    | 2,290           | -18.25                       |
| 3. Heze Neng Hua  | 208,868                 | —               | —                            | 196,529                  | —               | —                            |

(5) *Heat business*

Hua Ju Energy generated heat energy of 0.9 million steam tonnes and sold 40,000 steam tonnes in the first half of 2015, realizing a sales income of RMB10.16 million, with a cost of sales of RMB4.047 million.

### 3. Main business by regions

|              | Sales income<br>(RMB'000) | Increase<br>decrease in<br>sales income<br>as compared<br>with that of the<br>first half of 2014<br>(%) |
|--------------|---------------------------|---------------------------------------------------------------------------------------------------------|
| Domestic     | 14,489,516                | -46.56                                                                                                  |
| Overseas     | 3,654,442                 | -4.37                                                                                                   |
| <b>Total</b> | <b>18,143,958</b>         | <b>-41.35</b>                                                                                           |

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### (II) Analysis of Main Business

#### 1. Analysis of changes in brief Consolidated Income Statement items and brief Consolidated Statement of Cash Flow items

|                                                | For the six<br>months ended<br>30 June 2015<br>(RMB'000) | For the six<br>months ended<br>30 June 2014<br>(RMB'000) | Increase/<br>decrease<br>(%) |
|------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|------------------------------|
| Sales income                                   | 18,143,958                                               | 30,933,389                                               | -41.35                       |
| Cost of sales                                  | 13,987,677                                               | 25,425,139                                               | -44.98                       |
| Cost of coal transportation                    | 934,150                                                  | 1,171,307                                                | -20.25                       |
| Selling, general and administrative expenses   | 2,844,697                                                | 3,568,844                                                | -20.29                       |
| Investment returns from associated enterprises | 227,629                                                  | 99,240                                                   | 129.37                       |
| Joint venture investment losses                | 77,646                                                   | 188,592                                                  | -58.83                       |
| Other business income                          | 1,219,200                                                | 779,105                                                  | 56.49                        |
| Interest cost                                  | 1,502,540                                                | 1,120,423                                                | 34.10                        |
| Income tax                                     | 242,546                                                  | -33,723                                                  | —                            |
| Net cash inflow from operating activities      | -2,042,466                                               | 409,735                                                  | -598.48                      |
| Net cash outflow from investing activities     | 3,764,468                                                | -5,597,708                                               | -32.75                       |
| Net cash inflow from financing activities      | 5,878,886                                                | 7,749,487                                                | -24.14                       |
| R&D Expenditure                                | 19,418                                                   | 58,050                                                   | -66.55                       |

##### (1) Analysis of changes in brief Consolidated Income Statement items

The Group's sales income in the first half of 2015 was RMB18.144 billion, representing a decrease of RMB12.7894 billion or 41.3% as compared with that of the first half of 2014. This was mainly due to the fact that: (1) the decrease of sales volume and sales price of self-produced coal resulted in a decrease of sales income by RMB732.8 million and RMB2.8287 billion, respectively, compared with that of the first half of 2014; (2) the decrease of the sales volume of externally purchased coal resulted in a decreased of sales income by RMB9.9712 billion compared with that of the first half of 2014; (3) related projects were put into production, therefore the sales income of coal chemical business and power generation business was increased by RMB804.5 million compared with that of the first half of 2014.

The Group's cost of sales in the first half of 2015 was RMB13.9877 billion, representing a decrease of RMB11.4375 billion or 45.0% as compared with that of the first half of 2014. This was mainly due to: (1) the cost of coal sales was decreased by RMB12.0457 billion compared with that of the first half of 2014; (2) related projects were put into production, therefore the cost of sales of coal chemical business and power generation business was increased by RMB633.1 million compared with that of the first half of 2014.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

The Group's associated enterprise investment income in the first half of 2015 was RMB227.6 million, representing an increase of RMB128.4 million or 129.4% as compared with that of the first half of 2014. This was mainly due to the fact that: during the reporting period, the income of the investments in Huadian Zouxian Power Generation Co., Ltd. and Shaanxi Future Energy Chemical Co., Ltd. held by the Company was increased by RMB127.3 million as compared with that of the first half of 2014.

The Group's Joint Venture investment loss in the first half of 2015 was RMB77.646 million, representing a decrease of RMB110.9 million or 58.8% as compared with that of the first half of 2014. This was mainly due to the fact that during the reporting period, the losses of Middlemount Mine Joint Venture was decreased by RMB109.8 million as compared with that of the first half of 2014.

The Group's other income in the first half of 2015 was RMB1.2192 billion, representing an increase of RMB440.1 million or 56.5% as compared with that of the first half of 2014. This was mainly due to: (1) the interest income was increased by RMB198.4 million as compared with that of the first half of 2014; (2) the income of the fair value changes of shares in Qilu Bank Co., Ltd. ("Qilu Bank") held by the Company was RMB246.2 million.

The Group's interest cost in the first half of 2015 was RMB1.5025 billion, representing an increase of RMB382.1 million or 34.1% as compared with that of the first half of 2014. This was mainly due to the fact that the increase of the liability with interest resulted in the increase of payable interest cost as compared with that of the first half of 2014.

The Group's income tax in the first half of 2015 was RMB242.5 million and the income tax of the first half of 2014 was RMB-33.723 million. This was mainly due to the fact that the Company paid the RMB251.7 million income taxes payable for previous years during the reporting period.

The Group's R&D expenditure in the first half of 2015 was RMB19.418 million, representing a decrease of RMB38.632 million or 66.6% as compared with the first half of 2014. This was mainly due to the fact that the special research and development projects which were implemented in the first half of 2014 had been completed thoroughly as at the end of 2014. During the reporting period, no similar business was implemented.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### (2) *Analysis of changes in brief Consolidated Statement of Cash Flow items*

In the first half of 2015, net cash inflow from operating activities of the Group was RMB2.0425 billion, representing a decrease of RMB2.4522 billion or 598.5%, which was mainly due to (1) the decrease of sales income of self-produced coal resulted in a decrease of cash inflow by RMB3.0364 billion as compared with that of the first half of 2014; (2) a decrease of sales cost of self-produced coal resulted in a decrease of cash outflow of RMB1.5512 billion as compared with that of the first half of 2014; (3) an increase of interest expense resulted in an increase of cash outflow by RMB959.8 million as compared with that of the first half of 2014.

In the first half of 2015, net cash outflow from investing activities of the Group was RMB3.7645 billion, representing a decrease of RMB1.8332 billion or 32.8% as compared with that of the first half of 2014, which was mainly due to: (1) the increase of assets acquisitions and equity investment resulted in an increase of net cash outflow by RMB1.778 billion as compared with that of the first half of 2014; (2) during the reporting period, the changes of bank guarantee deposit and restricted cash balance resulted in a decrease of the net cash outflow by RMB3.5449 billion as compared with that of the first half of 2014.

In the first half of 2015, net cash inflow from financing activities of the Group was RMB5.8789 billion, representing a decrease of RMB1.8706 billion or 24.1% as compared with that of the first half of 2014, which was mainly due to the fact that: (1) during the reporting period, the first tranche short-term financing bonds of RMB5 billion of 2014 was repaid; (2) as compared with the first half of 2014, the fund acquired through the issuance of perpetual capital bonds was increased, resulting in the cash inflow increase of RMB2.1283 billion; (3) RMB1.4492 billion of CVR repurchases amount was paid to the original shareholders of Gloucester (excluding Noble Group) during the first half of 2014.

### (3) *Others*

#### 1) Specifications for significant changes in components or sources of the Group's profits

Not applicable.

#### 2) Implementation status of the Group's operating scheme

Facing the adverse conditions of the slowing down of macroeconomic growth and weak demands from downstream industries, both the sales volume of Group's self produced coal and externally purchased coal decreased. In the first half of 2015, the Group sold 42.99 million tonnes coal, which accounts for 35.2% of the planned coal sales volume for the year 2015, of which 30.81 million tonnes of self-produced coal was sold, accounting for 44.6% of the planned coal sales volume for the year 2015. The Group sold 830 thousand tonnes methanol, which accounts for 59.2% of the planned methanol sales volume for the year 2015.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### 3) Capital Sources and Use

In the first half of 2015, the Group's principal source of capital was the cash flow from operations, issuance of the various types of bonds and bank loans. The Group has utilized its capital mainly for operating business expenses, purchase of property, machinery and equipment, payment of shareholders' dividend, and repayment of bank loans.

The Group's capital expenditure for the purchase of property, machinery and equipment for the first half of 2015 was RMB2.3253 billion, representing an increase of RMB69 million or 3.1% as compared with RMB2.2563 billion in the first half of 2014.

### (III) Assets and Liabilities

#### 1. Analysis of changes in the consolidated assets and liabilities items

|                                                                         | As at 30 June 2015 |               | As at 31 December 2014 |               |           |
|-------------------------------------------------------------------------|--------------------|---------------|------------------------|---------------|-----------|
|                                                                         |                    | Percentage to |                        | Percentage to | Increase/ |
|                                                                         | RMB'000            | total assets  | RMB'000                | total assets  | decrease  |
|                                                                         |                    | (%)           |                        | (%)           | (%)       |
| Prepayment and other receivables                                        | 9,242,954          | 6.88          | 7,219,251              | 5.42          | 28.03     |
| Securities investment                                                   | 1,550,856          | 1.15          | 388,764                | 0.29          | 298.92    |
| Borrowing, due within one year                                          | 16,759,532         | 12.47         | 10,871,689             | 8.17          | 54.16     |
| Shareholders' equity attributable to holders of perpetual capital bonds | 6,618,352          | 4.92          | 2,521,456              | 1.89          | 162.48    |

At the end of the reporting period, the Group's prepayment and other receivables were RMB9.243 billion, representing an increase of RMB2.0237 billion or 28.0% as compared with that of the beginning of 2015. This was mainly due to: (1) the increase of RMB1.1631 billion of the prepayment; (2) the increase of RMB252.1 million of prepayment for material and equipment purchasing; (3) the increase of RMB165.9 million of receivable dividends.

At the end of the reporting period, the Group's securities investments were RMB1.5509 billion, representing an increase of RMB1.1621 billion or 298.9% as compared with that of the beginning of 2015. This was mainly due to: (1) after the newly increased subscription of shares of Qilu Bank, the carrying amount was RMB1.0292 billion at the end of reporting period; (2) the fair value of the shares in Shenergy Co., Ltd. and Jiangsu Lianyungang Port Co., Ltd. held by the Company was increased by RMB132.9 million as compared with that of the beginning of 2015.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

At the end of the reporting period, the Group's borrowings expiring within one year was RMB16.7595 billion, representing an increase of RMB5.8878 billion or 54.2% as compared with that of the beginning of 2015. This was mainly due to the issuance of first and second tranche of super-short-term financing bonds, totally amounting to RMB5 billion of 2015 during the reporting period.

At the end of the reporting period, the Group's equity attributable to the holders of perpetual capital bonds was RMB6.6184 billion, representing an increase of RMB4.0969 billion or 162.5% as compared with that of the beginning of 2015. This was mainly due to the issuance of the 2015 first tranche of non-public financing instruments and the 2015 first tranche of medium term notes, totally amounting to RMB4 billion during the reporting period.

### 2. Other information

#### (1) Debt to equity ratio

As at 30 June 2015, the equity attributable to the equity holders of the Company and interest-bearing debt amounted to RMB36.8346 billion and RMB63.4846 billion respectively, representing a debt to equity ratio of 172.4%. For detailed information on interest-bearing debt, please refer to Note 21 of the financial statements prepared under IFRS or the Note VI.9, 21 and 30-33 of the financial statements prepared under CASs.

#### (2) Contingent liabilities

For details of the contingent liabilities, please see Note 34 of the financial statements prepared under IFRS.

#### (3) Pledge of assets

For details of pledge of assets, please see Note 16-17 of the financial statements prepared under IFRS or the Note VI 15-16 of the financial statements prepared under CASs.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### (IV) Analysis of Core Competitiveness

In the first half of 2015, confronted by the adverse situation of weak balance in coal markets at home and abroad, the Group continues to focus on “Three Reductions and Three Enhancements” to intensify backward cost reduction; strengthen scientific and technological research through manufacturing technique optimizing, equipment upgrade and information construction to reduce cost and raise efficiency; adjust the way of marketing by database marketing service to promote business model innovation; enhance financial industrial layout on the base of entity industry consolidation and the operating and value-creating capacity ranks the top of the industry.

### (V) Analysis of Investment

#### 1. Overall analysis of the Group's external equity investment during the reporting period

(The financial data listed in this section were calculated according to CASS)

##### (1) New external equity investment during the reporting period

In the first half of 2015, the external equity investment of the Company was RMB1.0475 billion in total. The relevant information of projects invested is set out as follows:

| No.   | Projects of external equity investment                | Total investment amount of projects (RMB100 million) | Company's investment amount (RMB100 million) | Name of the invested company     | Main business                                                                     | The Company's equity interest in the invested company |
|-------|-------------------------------------------------------|------------------------------------------------------|----------------------------------------------|----------------------------------|-----------------------------------------------------------------------------------|-------------------------------------------------------|
| 1     | Subscription of placing shares of Qilu Bank Co., Ltd. | 7.829                                                | 7.829                                        | Qilu Bank Co., Ltd.              | RMB, foreign exchange and other business approved by authorities                  | 8.67%                                                 |
| 2     | Investment to Shanghai CIFCO Futures Co., Ltd.        | 2.646                                                | 2.646                                        | Shanghai CIFCO Futures Co., Ltd. | Commodity futures broker, financial futures broker, futures investment consultant | 33.33%                                                |
| Total |                                                       | 10.475                                               | 10.475                                       | -                                | -                                                                                 | -                                                     |

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

(2) *Equity interests in other listed companies held by the Company as at the end of the reporting period*

| Stock code | Stock abbreviation | Cost of initial investment (RMB) | Equity held at 1 January 2015 (%) | Equity held at 30 June 2015 (%) | Book value at 30 June 2015 (RMB) | Gains or losses during the reporting period (RMB) | Changes in shareholders' equity during the reporting period (RMB) | Accounting items                    |
|------------|--------------------|----------------------------------|-----------------------------------|---------------------------------|----------------------------------|---------------------------------------------------|-------------------------------------------------------------------|-------------------------------------|
| 600642     | Shenergy           | 77,277,051                       | 0.80                              | 0.80                            | 365,360,766                      | 0                                                 | 97,180,124                                                        | Available-for-sale financial assets |
| 601008     | Lianyungang        | 1,760,419                        | 0.22                              | 0.22                            | 16,989,180                       | 59,629                                            | 2,589,169                                                         | Available-for-sale financial assets |
| Total      |                    | 79,037,470                       | –                                 | –                               | 382,349,946                      | 59,629                                            | 99,769,293                                                        | –                                   |

Note: The above mentioned "Gains or losses during the reporting period" refer to the effect from the related investment to the net profits in consolidated statement of the Group during the reporting period.

Source of Shenergy shares: agreement for the transfer of public corporate shares in 2002, bonus issue shares in 2003, subscription of placement shares in 2010 with cash in hand and shares dividend in 2010.

Source of Lianyungang shares: subscription of shares as a founder upon establishment of the company and shares dividend in 2007 and 2011.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

- (3) *Equity interests in non-listed financial corporations held by the Company as at the end of the reporting period*

*Unit: RMB100 million*

| Corporations                                         | Amount of initial investment | Equity held at 1 Jan. 2015 (%) | Equity held at 30 June 2015 (%) | Book value at 30 June 2015 | Gains or losses during the reporting period | Changes in shareholders' equity during the reporting period | Accounting items                    | Source of shares   |
|------------------------------------------------------|------------------------------|--------------------------------|---------------------------------|----------------------------|---------------------------------------------|-------------------------------------------------------------|-------------------------------------|--------------------|
| Yankuang Group Finance Company Limited               | 1.250                        | 25                             | 25                              | 3.289                      | 0.186                                       | 0.186                                                       | Long-term equity investment         | Capital investment |
| Shandong Zoucheng Jianxin Rural Bank Company Limited | 0.090                        | 9                              | 9                               | 0.090                      | 0                                           | 0                                                           | Available-for-sale financial assets | Capital investment |
| Qilu Bank Co., Ltd.                                  | 7.829                        | 0                              | 8.67                            | 10.292                     | 1.847                                       | 1.847                                                       | Tradable financial assets           | Equity investment  |
| Shanghai CIFCO Futures                               | 2.646                        | 0                              | 33.33                           | 2.646                      | 0                                           | 0                                                           | Long-term equity investment         | Equity investment  |
| Total                                                | 11.815                       | —                              | —                               | 16.317                     | 2.033                                       | 2.033                                                       | —                                   | —                  |

Note: The above mentioned "Gains or losses during the reporting period" refer to the effect from the related investment to the net profits in consolidated statement of the Group during the reporting period.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

Equity interests of non-listed financial corporations held by the Company

Yanzhou Coal, Yankuang Group and China Credit Trust Co., Ltd jointly established Yankuang Group Finance Company Limited (hereinafter 'Yankuang Finance') on 13 September 2010. In the initial contribution to the registered capital of Yankuang Finance, Yanzhou Coal contributed RMB125 million in cash, representing an equity interest of 25% in Yankuang Finance. As approved at the first meeting of the sixth session of the Board, on 20 June 2014 Yanzhou Coal and other shareholders of Yankuang Finance increased the registered capital of Yankuang Finance from RMB500 million to RMB1 billion in proportion to their original shareholding in Yankuang Finance, of which Yanzhou Coal contributed RMB125 million.

Yanzhou coal, China Construction Bank Limited and eight other companies jointly established Shandong Zoucheng Jianxin Rural Bank Company Limited in 2011. The registered capital of Shandong Zoucheng Jianxin Rural Bank is RMB100 million, of which Yanzhou Coal contributed RMB9 million in cash, representing equity interest of 9%.

As reviewed and approved at the sixth meeting of the sixth session of the Board held on 23 December 2014, the Company subscribed for RMB246.21 million placing shares in Qilu Bank. The registration of transfer of the above mentioned equity in industrial and commercial administration was completed on 7 August 2015.

As considered and approved at the seventh meeting of the sixth session of the Board held on 27 March 2015, the Company would invest RMB264.56 million, contributing 33.33% equity interests in Shanghai CIFCO Futures.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### 2. Commissioned financing in nonfinancial corporations and investment in derivatives

#### (1) Commissioned financing

For details of commissioned financing, please refer to the section headed “VI. Material Contracts and Performance” under “Chapter 4 Significant Events” in this report.

#### (2) Entrusted loan

As at the date of this report, entrusted loans provided by the Company are listed below:

| Borrower                                                                    | Amount<br>of loan<br>(RMB100<br>million) | Term of<br>loan | Interest<br>rate | Purpose                                                     | Overdue<br>(yes/no) | Connected<br>transaction<br>(yes/no) | Extend the<br>period<br>(yes/no) | Connected<br>relationship  | Actual interest<br>income<br>received<br>during the<br>reporting<br>period<br>(RMB'000) |
|-----------------------------------------------------------------------------|------------------------------------------|-----------------|------------------|-------------------------------------------------------------|---------------------|--------------------------------------|----------------------------------|----------------------------|-----------------------------------------------------------------------------------------|
| Yanzhou Coal Yulin Neng Hua<br>Company Limited                              | 15                                       | 8 years         | 4.59%            | Construction of<br>methanol project                         | No                  | No                                   | Yes                              | wholly-owned<br>subsidiary | 16,779                                                                                  |
| Shanxi Tianhao Chemicals<br>Company Limited                                 | 1.9                                      | 5 years         | 6.40%            | Construction of<br>methanol project                         | Yes                 | No                                   | No                               | controlled<br>subsidiary   | -                                                                                       |
| Yanmei Heze Neng Hua<br>Company Limited                                     | 6                                        | 5 years         | 6.40%            | Expenditure of projects<br>construction                     | No                  | No                                   | No                               | controlled<br>subsidiary   | 15,821                                                                                  |
| Yanmei Heze Neng Hua<br>Company Limited                                     | 8.9                                      | 5 years         | 6.40%            | Construction of Zhaolou<br>power plant project              | No                  | No                                   | No                               | controlled<br>subsidiary   | 26,051                                                                                  |
| Yanzhou Coal Ordos Neng Hua<br>Company Limited                              | 2                                        | 3 years         | 6.15%            | Supplement for working<br>capital                           | No                  | No                                   | No                               | wholly-owned<br>subsidiary | 47,151                                                                                  |
| Yanzhou Coal Ordos Neng Hua<br>Company Limited                              | 28                                       | 5 years         | 6.40%            | Acquisition of Wenyu<br>coal mine                           | No                  | No                                   | No                               | wholly-owned<br>subsidiary | 394,062                                                                                 |
| Yanzhou Coal Ordos Neng Hua<br>Company Limited                              | 19                                       | 5 years         | 6.40%            | Construction of<br>methanol project                         | No                  | No                                   | No                               | wholly-owned<br>subsidiary | 235,702                                                                                 |
| Yanzhou Coal Ordos Neng Hua<br>Company Limited                              | 18.82                                    | 5 years         | 6.40%            | Consideration of Zhuan<br>Longwan mining<br>rights          | No                  | No                                   | No                               | wholly-owned<br>subsidiary | 256,612                                                                                 |
| Yanzhou Coal Ordos Neng Hua<br>Company Limited                              | 6.3                                      | 3 years         | 6.15%            | Acquisition of 20%<br>equity interests of<br>Xintai Company | No                  | No                                   | No                               | wholly-owned<br>subsidiary | 66,473                                                                                  |
| Shandong Yanmei Rizhao Port<br>Coal Storage and Blending<br>Company Limited | 2.5                                      | 1 year          | 6.00%            | Supplement for working<br>capital                           | No                  | No                                   | No                               | controlled<br>subsidiary   | 6,815                                                                                   |
| Shaanxi Future Energy Chemical<br>Co., Ltd.                                 | 12.5                                     | 1 year          | 6.00%            | Supplement for working<br>capital                           | No                  | Yes                                  | No                               | shareholder                | 46,944                                                                                  |

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

Note:

1. The source of the above mentioned entrusted loans was the Company's self-owned fund, which was not subject to any contentious matters.
2. The entrusted loan of RMB190 million to Tianhao Chemicals has been overdue and the Company recognized full amount of assets impairment in respect of the said entrusted loan. The other entrusted loans have not been overdue and no provisions of assets impairment loss are made in respect of such entrusted loans.
3. The entrusted loan, provided by the Company to Shaanxi Future Chemical Co., Ltd. ("Shaanxi Future Energy") was fully, unconditionally, irrevocably guaranteed by Yankuang Group and Yankuang Group made a pledge for this by way of its 30% equity interests in Shaanxi Future Energy. As at 3 August 2015, Shaanxi Future Energy has repaid all the principal amount and the interest to the Company. There were no other pledges or guarantors for the above mentioned entrusted loan.

As approved at the general manager working meeting held on 22 January 2007, Shanxi Neng Hua provided RMB200 million entrusted loan to Tianhao Chemicals, the details of which are shown in the following table.

| Borrower                                    | Amount of<br>entrusted<br>loan (RMB100<br>million) | Term of<br>entrusted loan | Interest rate | Purpose                             | Whether<br>extended the<br>period | Whether<br>principal has<br>been recovered | Interest income<br>during the<br>reporting period |
|---------------------------------------------|----------------------------------------------------|---------------------------|---------------|-------------------------------------|-----------------------------------|--------------------------------------------|---------------------------------------------------|
| Shanxi Tianhao Chemicals<br>Company Limited | 2                                                  | 5 years                   | 6.40%         | Construction of methanol<br>project | No                                | No                                         | Nil                                               |

Note:

1. The entrusted loan provided by Shanxi Neng Hua has been approved in accordance with the relevant legal procedures and the borrower is a controlled subsidiary of Shanxi Neng Hua, therefore, the entrusted loan does not constitute as a connected transaction. The source of above mentioned entrusted loan was Shanxi Neng Hua's self-owned fund, which was neither subject to any pledges or guarantors nor to any contentious matters.
2. The entrusted loan to Tianhao Chemicals has been overdue and Shanxi Neng Hua recognized full amount of assets impairment in respect of the said entrusted loan.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### (3) Other investment financing and investment in derivatives

| Category          | Fund source     | Investment<br>shares | Product type | Profit and loss  | Whether involved<br>in lawsuits |
|-------------------|-----------------|----------------------|--------------|------------------|---------------------------------|
| Commodity futures | self-owned fund | 5250                 | Thermal coal | RMB2.338 million | No                              |

Note for futures investment:

From 28 August 2014, the Company bought futures contract TC1501 of thermal coal in batches. As at 9 January 2015 (value date), the Company possessed 5250 TC1501 contracts which could convert into 1.05 million tonnes of thermal coal. On the value date, the Company bought 1.0454 million tonnes coal with RMB550.49 million of settlement funds. After calculating, the above-mentioned futures contract of thermal coal made a book profit of RMB2.338 million.

For details of the investment in other derivatives during the reporting period, please see Note 26 of the financial statements prepared under the IFRS or Note VI.9 and Note IX of the financial statements prepared under CASs.

There was no other investment financing during the reporting period.

### 3. Use of fund raised

In the first half of 2015, the Group raised RMB14 billion in total by issuing short-term financing bonds, debt financing notes through private placement, medium-term notes and two super-short-term financing bonds. For details of the use of fund raised, please refer to the section headed "II. Securities Issuance" under "Chapter 5 Changes in Shares and Shareholders".

### 4. Major projects of the Group using its own fund

Not applicable.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### 5. Analysis of major subsidiaries and associated companies

(All the financial data listed in this section were calculated under CASs)

During the reporting period, details of subsidiaries and associated companies which brought greater effects on the Group's net profit attributable to shareholders of the Company are as follows:

| Name of company                                  | Nature of business               | Main products or services               | Net profit for the first half of 2015 (RMB'000) |
|--------------------------------------------------|----------------------------------|-----------------------------------------|-------------------------------------------------|
| <b>I. Controlled subsidiaries</b>                |                                  |                                         |                                                 |
| Heze Neng Hua                                    | Energy                           | Coal                                    | 78,806                                          |
| Yancoal Australia                                | Energy                           | Coal                                    | -706,488                                        |
| Yancoal International                            | Investment management and energy | Investment projects management and coal | 243,847                                         |
| Hua Ju Energy                                    | Power generation                 | Power and heat                          | 62,431                                          |
| <b>II. Associated companies</b>                  |                                  |                                         |                                                 |
| Huadian Zouxian Power Generation Company Limited | Power Generation                 | Power and heat                          | 561,260                                         |

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

### II. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES OR AMENDMENTS TO SIGNIFICANT ACCOUNTING ERRORS

During the reporting period, there were no changes in accounting policies, accounting estimates or amendments to significant accounting errors of the Group.

### III. PROFIT DISTRIBUTION OR CAPITAL RESERVES TRANSFERRED TO SHARE CAPITAL

#### (I) Implementation of Cash Dividend Plan during the Reporting Period

The 2014 annual general meeting of the Company held on 22 May 2015 approved the Company's dividend distribution plan, which allowed the Company to distribute 2014 cash dividends of RMB98.368 million (tax inclusive) to the Shareholders, i.e., RMB0.02 per share (tax inclusive). As at the disclosure date of this report, the final cash dividends for the year 2014 have been distributed to the Shareholders.

#### (II) Interim Profit Distribution for the First Half of 2015

The Company will not distribute any interim dividend, nor will the Company increase its capital from capital reserve in the first half of 2015.

### IV. CAPITAL EXPENDITURE PLAN

The capital expenditure for the first half of 2015 of the Group is set out in the following table:

|                            | The first half<br>of 2015<br>(RMB'0000) | The second<br>half of 2015<br>(Estimated)<br>(RMB'0000) | 2015<br>(RMB'0000)  |                      |
|----------------------------|-----------------------------------------|---------------------------------------------------------|---------------------|----------------------|
|                            |                                         |                                                         | Present<br>estimate | Previous<br>estimate |
| The Company                | 63,451                                  | 151,380                                                 | 214,831             | 231,342              |
| Shanxi Neng Hua            | 3,845                                   | 5,074                                                   | 8,919               | 8,919                |
| Yulin Neng Hua             | 59                                      | 3,622                                                   | 3,681               | 3,681                |
| Heze Neng Hua              | 16,171                                  | 74,419                                                  | 90,590              | 90,590               |
| Hua Ju Energy              | 1,794                                   | 2,768                                                   | 4,562               | 4,562                |
| Ordos Neng Hua             | 50,784                                  | 51,110                                                  | 101,894             | 244,120              |
| Haosheng Company           | 41,423                                  | 189,366                                                 | 230,789             | 230,789              |
| Yancoal Australia          | 34,666                                  | 104,450                                                 | 139,116             | 147,731              |
| Yancoal International      | 19,891                                  | 5,460                                                   | 25,351              | 6,934                |
| Zhongyin Financial Leasing | 449                                     | 450                                                     | 899                 | –                    |
| Total                      | 232,533                                 | 588,099                                                 | 820,632             | 968,668              |

Currently, the Group possesses sufficient financing channels, which are expected to meet the operation and development requirements.

### V. OUTLOOK

#### (I) Operating Strategies for the Second Half of 2015

In the second half of 2015, affected by multiple factors such as low growth of global economy and new energy alternatives, the supply of coal worldwide continues to exceed demand. However, benefitting from the effect of a series of favorable policies to stabilize growth, reduce poverty and promote development in the coal industry, the decision of major coal suppliers in the world to reduce production and the increasing demand for coal from emerging developing countries such as India, it is estimated that the global coal price will recover from weakness and stabilize.

The Group will closely monitor the characteristics of the coal industry and development trends, implement more flexible and efficient strategic measures to ensure maximization of economic benefits for the year 2015. For the second half of 2015, the Group will primarily focus on the implementation of the following operating measures:

**Optimize industry layout to achieve synergic effect between production and financing.** The Group will improve the technical equipment and production layout, increase daily production and daily development, raise production capacity of efficient mines and reduce non-efficient capacity so that the coal mines will achieve the transformation of lean production mode: from “quantity-oriented” to “efficiency-oriented”. The Group will ensure timely release of economic benefits by leveraging the regional and scale-wise advantages of its methanol projects. It will also improve the level of automation, intelligentization, unification and becoming high-end in the coal equipment manufacturing industry. The Group will build an integrated development and operating model which will include “manufacturing, leasing and re-manufacturing”. The Group will achieve synergic effect by utilizing the financial operation platforms of Duanxin Investment Holding (Beijing) Co., Ltd., Zhongyin Financial Leasing Co., Ltd., actively implementing financial investment and operation, stably carrying out finance hedging and futures financing, fortifying capital investment income, achieving transformation and upgrade of real economy through financial development.

**Expand the room for cost reduction and profitability through greater use of backflush costing.** Firstly, the Group will systematically arrange and analyze the structure of assets, liabilities, investment, staff, etc., formulate the program of staff downsizing and efficiency improvement by classification for optimization and rigidly apply back-flush costing indicators to reduce cost via structure optimization. Secondly, the Group will implement the management measure of “strict control of the two ends and precise management of the middle section”. In terms of the source of procurement, the Group will intensify centralized purchasing for materials and equipment, competitive negotiation and online procurement to control expenditure. In terms of the sales end, the Group will optimize marketing channels and directions of the flow to lower marketing cost. In terms of the middle section, the Group will improve key business process reengineering and integrate operational elements and the relevant resources to reduce cost from process management. Thirdly, the Group will strengthen the ability to tackle scientific and technological problems, further optimize production design and technical craft and break the bottleneck of cost control through scientific and technological innovations.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

**Innovate business models and give play to the roles of cooperative marketing.** Using data-based marketing, the Group will promote the construction of a 24-hour accurate distribution circle. The Group will scientifically optimize coal product categories, the scale of coal matching expand product customization and implement product flow segmentation, being directed by customer demand. The Group will also expand domestic and foreign trade business, strengthen the coordination of internal and external markets and consolidate strategic customers, seek for new customers and increase market shares. Further, by means of “online marketing”, the Group will increase the size of online transactions, reduce the cost of sales; based on the Group’s internal logistics resources and market, actively develop third party logistics, integrate the resources of marketing, trade and logistics and realize the functions of professional operations, resources complementarities, synergistic operations and unified benefit-making.

**Highlight a strict and detailed management, and promote the connotation development level.** The Group will deepen benchmarking management and internal marketization management, improve the overall level of control and supervision; control the plans for various funds strictly, increase the concentration of funds and the efficiency of such use; adjust the financing structure, implement low-cost financing and low risk financial management, strengthen the management of, and profits generated by, stock funds; optimize the project investment, accelerate the construction and procedures of promising and effective projects, strictly control the operations of commissioned projects and realize the abilities and profits of projects as soon as possible; take steps in the early implementation of the risk control measures, strictly regulate production, trade and other business processes and avoid losses due to any kind of risk.

### (II) Major Risks Faced by the Group, Impact and Measures

#### **Risks arising from macro-economy downturn**

For the reason that domestic economic situation is intricate and complex, uncertainties that affect future economic development increase and Chinese government strengthens the efforts to resolve the haze problem, outdate industries with overcapacity, and adjust industrial structures, the coal industry remains in low operation which is now the “new norm”.

Counter-measures: In order to transform the risk in economic operation into an industrial upgrading opportunity, it is necessary to continue in-depth studies of global economic trends and industrial development trends, pay special attention to the role played by the synergetic effect of domestic and overseas markets and resources, carefully explore the integrated development strategy of entity industry and financial industry.

#### **Risks arising from product price volatility**

Affected by multiple factors of slowdown in coal demand, excess capacity, and slip of international energy prices, the trend of oversupply in the coal market is difficult to change in the short term. The Group still faces more downward pressure on coal prices.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

Counter-measures: The Group would take various measures to reduce costs, unleash potentials, expand the external markets, and increase profitability. Aimed at consistent quality and excellent performance of coal marketing, we will thoroughly implement value recreation of “Three Reductions and Three Enhancements” to the entire procedures, optimize the market arrangements, innovate the marketing model and strategy, and improve the quality of services and products.

### **Risks arising from product trade**

In recent years, the Group's coal trade volume continues to grow at a strong pace. However, profitability of coal trade remains low because of the change of market demands and the influence of price fluctuations. Meanwhile, with market downturn and prudent bank lending, prepayment for coal trade will take high occupation of the Group's funds, which is more risky.

Counter-measures: Adhere to the principles of prioritizing benefits, strictly controlling risks, and giving equal value to quantity and quality of products, reinforce risk prevention of trade partners, control access mechanism of trade customers, and enhance management of funds and accountability system to make sure that the operational size and efficiency of products trade increase simultaneously.

### **Risks arising from safe production**

Coal mining, coal chemical and power generation are the three main business sectors of the Group. As all of them are of high hazardous nature and of complex uncertainties in production, the Group faces the high risk of production safety.

Counter-measures: With the guidance of the reinforcement of safety concept, the Group would firmly establish a conscious safety red line; reinforce the management of security level to highlight the responsibility of security principal; strengthen the management of security response to improve the emergency plan and intensify the exercise of emergency training; enhance the examination of security supervision and strictly implement rewards and punishments to ensure the safety and efficiency of production.

### **Risks arising from debt financing**

Because of the continuous weakness of the coal market and uncertainties of the financing environment at home and abroad, financing becomes more difficult and debts risks and default risks become greater.

Counter-measures: Strictly manage and control the funds, actively use various financing platforms to conduct low-cost financing, optimize the liability structure, and guarantee the capital needs. In the meantime, control the debt scale and make the assets liabilities ratio stay at rational level so as to reduce the risks of debts financing.

### **Risks arising from project implementation**

The construction projects of the Group cover wide scope and high investment. Partial projects under construction are in the approval process which has the risks of prolonging the examination and construction period.

## CHAPTER 3 BOARD OF DIRECTORS' REPORT – CONTINUED

Counter-measures: Formulate a table of the construction projects' approval procedures, strengthen the management force of examination and approval processes to make sure that the construction projects are completed successfully. Tighten the control on investment, construction period, and quality to make sure that projects can be put into production on schedule and the expected benefits can be achieved as well.

### VI. OTHER DISCLOSURES

#### (I) The Impact of Exchange Rate Fluctuation

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

1. the overseas sales income as the overseas product 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 changes in foreign exchange rates, the Group had the exchange gain of RMB80.314 million during the reporting period. For details of the exchange gain or loss, please see Note VI.51 of the financial statements prepared under CASs or Note 7 of the financial statements prepared under IFRS.

To manage foreign currency risks arising from the expected revenue, Yancoal Australian has entered into foreign exchange hedging contracts with a bank. For details of the foreign exchange hedging contracts, please see Note 26 of the financial statements prepared under IFRS or Note VI.9 and Note IX of the financial statements prepared under the CASs.

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

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

#### (II) Taxation

During the reporting period, the Company and all its subsidiaries incorporated in the PRC are subject to an income tax rate of 25% on its taxable profits. Yancoal Australia and Yancoal International are subject to a tax rate of 30% and 16.5%, respectively on their taxable profits.

#### (III) Statements on the warnings and reasons for the expected accumulated net profit may be negative from the beginning of 2015 till the end of the next reporting period or there might be significant changes to accumulated net profit as compared with the same period of last year.

Not Applicable.

### I. CORPORATE GOVERNANCE

#### (I) Corporate Governance

(in accordance with PRC regulatory requirements)

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

The Company has closely monitored the securities market standards and rule of law, and has actively improved its corporate governance structure during the current reporting period as follows:

As approved at the 2014 annual general meeting held on 22 May 2015, according to the actual situation of operation and development, the Company expanded its business scope and made corresponding amendments to the Articles. For details, please refer to the announcement in relation to Amendments to the Articles of the Company dated 27 March 2015 and the announcement in relation to the resolutions passed at the 2014 annual general meeting dated 22 May 2015, respectively. The above announcements were also posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company and/or China Securities Journal and Shanghai Securities News.

#### (II) Compliance with the Corporate Governance Code and the Model Code

(Prepared under the regulatory rules of Hong Kong)

The Group has set up a relatively regulated, stable and established 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 very important to the operation and development of the Group. The Board is dedicated to the improvement of our corporate governance standard and regularly reviews corporate governance practices to ensure that the Company's operation is in compliance with the laws, regulations and regulatory requirements of the places where the shares of the Company are listed.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

The corporate governance rules implemented by the Group include, but not limited to the following: the Articles, the Rules of Procedure for Shareholders' General Meeting, the Rules of Procedure for the Board, the Rules of Procedure for Supervisory Committee Meeting, the System of Work of the Independent Directors, the Rules for Disclosure of Information, the Rules for the Management of Connected Transactions of the Company, the Rules for the Management of Relationships with Investors, the Rules for Internal Reporting of Material Information, the Code for Securities Transactions of the Management, the Standard of Conduct and Professional Ethics for Senior Employees, the Measures on the Establishment of Internal Control System and the Measures on Overall Risk Management. As at 30 June 2015, 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 Hong Kong Listing Rules. Some of the corporate governance practices adopted by the Group are more stringent than the Code.

During the reporting period, the Company has strictly complied with the mentioned corporate governance documents and abided by the provisions of the Code without any deviation. For details of the corporate governance report, please refer to the 2014 annual report of the Company.

Having made specific enquiries to all Directors and Supervisors, during the reporting period, the Directors and Supervisors have strictly complied with the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Hong Kong Listing Rules and the Code for Securities Transactions by Management of the Company. The Company has adopted a code of conduct regarding securities transactions of the Directors and Supervisors on terms no less stringent than the required standard set out in the Model Code.

## II. SIGNIFICANT LITIGATION, ARBITRATION AND EVENTS CALLED INTO QUESTION BY THE MEDIA EXTENDED TO THE REPORTING PERIOD

### (I) Update on the dispute arbitration in relation to the performance of the contract execution between Shanxi Neng Hua and Shanxi Jinhui Coke Chemical Co., Ltd.

In February 2005, Shanxi Nenghua entered into an asset swap contract and a material supply contract with Shanxi Jinhui Coke Chemical Co., Ltd. ("Shanxi Jinhui"), according to which, Shanxi Jinhui shall compensate Tianhao Chemical, the subsidiary of Shanxi Nenghua, its actual losses if Shanxi Jinhui fail to provide the land for lease, gas, water, electricity supply and rail transportation for the establishment and production of Tianhao Chemical. In addition, Shanxi Jinhui shall purchase all the equity interests in Tianhao Chemicals held by Shanxi Neng Hua to compensate the losses at a price not less than the total investment in Tianhao Chemical as well as the interest on bank loans over the same period, if Tianhao Chemical is unable to operate continually caused by Shanxi Jinhui's default.

Shanxi Jinhui failed to fulfill the "contractual obligations to provide gas, middlings and land supply" and unilaterally suspended the gas supply. As a result, Tianhao Chemicals was unable to operate continually and subsequently ceased production of methanol in April 2012. In September 2013, Shanxi Neng Hua submitted the arbitration to Beijing Arbitration Commission, requesting Shanxi Jinhui to purchase all the equity interests in Tianhao Chemicals held by Shanxi Neng Hua and paid a total of RMB798.8 million comprising equity transfer and other losses in accordance with the contracts.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

In October 2013, Shanxi Neng Hua submitted the application for property preservation to the People's Court of Xinghualing District, Taiyuan City, Shanxi Province. 39% of equity equivalents of Shanxi Jinhui Longtai Coal Co., Ltd. held by Shanxi Jinhui was frozen and sealed up.

In order to fully protect the interests of the Company, Shanxi Neng Hua applied to Beijing Arbitration Commission for withdrawal of the request for arbitration. Recently, Shanxi Neng Hua received Beijing Arbitration Commission's reply granting withdrawal of the Arbitration. As at the disclosure date of this interim report, the Company and Shanxi Neng Hua are further studying the plan of dispute resolution.

For details, please refer to the announcements in relation to the update on the arbitration of the wholly owned subsidiary of Yanzhou Coal Co., Ltd. dated 24 August, 2015. The above announcements were also posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company and/or China Securities Journal and Shanghai Securities News.

### **(II) Update on the litigation on Coal Sales Contract between Zhongxin Daxie Fuel Co., Ltd. and the Company**

Zhongxin Daxie Fuel Co., Ltd. ("Zhongxin Daxie"), as the plaintiff, brought a civil litigation against the Company, as the defendant, at the Shandong Provincial Higher People's Court in September 2013, alleging a failure by the Company to perform its delivery obligations under a coal sales contract between the parties. Zhongxin Daxie sued for the termination of the coal sales contract, return of payments for goods and damage in an amount of RMB163.6 million.

The Company has delivered goods to the third party designated by Zhongxin Daxie after the execution of the contract and Zhongxin Daxie has settled the payment with the Company. All the obligations have been fulfilled under the contract.

It was the first instance judgment of the Shandong Provincial Higher People's Court that: Zhongxin Daxie's claim was rejected and the litigation fee of RMB0.8602 million shall be on Zhongxin Daxie, as the plaintiff of the litigation. On 30 June 2014, the Company received the Notice of the Decision on Appeal from the Supreme People's Court of the People's Republic of China (the "Supreme Court"), the Supreme Court has decided to accept Zhongxin Daxie's appeal of judgment of the first instance of the litigation. As at the disclosure date of this interim report, the case has not yet been heard.

For details, please refer to the announcements in relation to the update on this litigation dated 29 April 2014 and 30 June 2014, respectively. The above announcements were also posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company and/or China Securities Journal and Shanghai Securities News.

As at the disclosure date of this interim report, the above mentioned significant arbitration events have not been heard and the final result is unknown. So the Company is unable to accurately estimate the impact of the litigation on the company's current profit and profit after the reporting period for the time being.

Save as disclosed above, there were no other significant litigation, arbitration and events called into question by the Media during the reporting period or extended to the reporting period.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

### III. SHARE INCENTIVE SCHEME

The Company did not implement any share incentive scheme during the reporting period.

### IV. ASSET ACQUISITION, SALES AND MERGERS

#### Subscription of the Placing Shares of Qilu Bank

As reviewed and approved at the sixth meeting of the sixth session of the Board held on 23 December 2014, the Company subscribed for RMB246.21 million placing shares in Qilu Bank at the offering price of RMB3.18 per share and completed the registration of transfer in the industrial and commercial administration on 7 August 2015. Qilu Bank has been listed in the share transfer system for national small and medium-sized enterprises seeking to publicly transfer their shares since 29 June 2015.

For details, please refer to the announcement in relation to the external investment dated 23 December 2014. The above announcement was posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the Company and/or China Securities Journal and Shanghai Securities News.

Save as disclosed above, there was no significant asset acquisition, sales and mergers during the reporting period.

### V. CONNECTED TRANSACTIONS

During the reporting period, the Group's connected transactions were mainly continuing connected transactions entered into with its Controlling Shareholder (including its subsidiaries) in respect of the mutual provisions of materials and services and other temporary connected transactions.

#### (I) Continuing Connected Transactions

At the 2014 second extraordinary general meeting of the Company held on 12 December 2014, five continuing connected transaction agreements, 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 "Provision of Electricity and Heat Agreement", together with the annual caps for such transactions for the years of 2015 to 2017 had been approved. The main ways to determine transaction price include: state price; market price is applied when the state price is not available; actual cost pricing is applied when neither state price nor market price is available. The charge for transaction can be settled in one lump sum or by installments. The continuing connected 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.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

At the seventh meeting of the sixth session of the Board held on 27 March 2015, the Company considered and approved: (i) “Financial Services Agreement” and the annual cap for such transaction for the period from 1 April 2015 to 31 March 2016, applying state-prescribed price as the main way of pricing; (ii) “Coal Train Escort Services Agreement” and the annual cap for such transaction for the period from 1 February 2015 to 31 March 2016, applying reasonable cost plus reasonable profits as the main ways to determine transaction price.

1. *Continuing connected transaction of the supply of materials and services*  
(the data below are prepared under CASs)

The sales of goods and provision of services by the Group to its Controlling Shareholder amounted to RMB908.7 million for the first half of 2015. The goods and services provided by the Controlling Shareholder to the Group amounted to RMB786.4 million.

The following table sets out the continuing connected transactions of the supply of materials and services between the Group and the Controlling Shareholder for the first half of 2015:

|                                             | The first half of 2015 |                                   | The first half of 2014 |                                   | Increase/<br>decrease of  |
|---------------------------------------------|------------------------|-----------------------------------|------------------------|-----------------------------------|---------------------------|
|                                             | Amount                 | Percentage of<br>operating income | Amount                 | Percentage of<br>operating income | connected<br>transactions |
|                                             | (RMB'000)              | (%)                               | (RMB'000)              | (%)                               | (%)                       |
| Sales of goods and provision of services    |                        |                                   |                        |                                   |                           |
| by the Group to its Controlling Shareholder | 908,734                | 3.61                              | 1,747,814              | 5.39                              | -48.01                    |
| Sales of goods and provision of services    |                        |                                   |                        |                                   |                           |
| by the Controlling Shareholder to the Group | 786,371                | 3.13                              | 1,157,775              | 3.57                              | -32.08                    |

The table below shows the effect on the Group's profits from sales of coal by the Group to the Controlling Shareholder for the first half of 2015:

|                                          | Operating income | Operating cost | Gross profits |
|------------------------------------------|------------------|----------------|---------------|
|                                          | (RMB'000)        | (RMB'000)      | (RMB'000)     |
| Coal sold to the Controlling Shareholder | 595,201          | 327,361        | 267,840       |

2. *Continuing connected transaction of insurance fund*

Pursuant to the Provision of Insurance Fund Administrative Services Agreement, the Controlling Shareholder shall provide the Group's employees with management and handling services of endowment insurance fund, basic medical insurance fund, supplementary medical insurance fund, unemployment insurance fund and maturity insurance fund (the “Insurance Fund”) for free. The amount of the Insurance Fund paid by the Group in the first half of 2015 was RMB488.3 million.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

### 3. Continuing connected transaction of financial services

Pursuant to the “Financial Services Agreement”, as at 30 June 2015, the principal and interest balance of deposit and loan of the Group in Yankuang Group Finance Company Limited was RMB1.1757 billion and RMB331.2 million, respectively.

Save as disclosed above, no other continuing connected transactions of financial services occurred between the Group and Yankuang Group Finance Company Limited in the first half of 2015.

The following table sets out the details of the annual caps for 2015 and the actual transaction amounts in the first half of 2015 for the above continuing transactions.

| No. | Type of connected transaction                                                                                                                                          | Agreement                                                     | Annual cap for the year 2015<br>(RMB'000) | Value of transaction for the first half of 2015<br>(RMB'000) |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------|--------------------------------------------------------------|
| 1   | Material and facilities provided by Yankuang Group                                                                                                                     | Provision of Materials Agreement                              | 1,387,000                                 | 254,948                                                      |
| 2   | Labor and services provided by Yankuang Group                                                                                                                          | Mutual Provision of Labor and Services Agreement              | 2,496,600                                 | 531,423                                                      |
| 3   | Insurance fund management and payment services provided by Yankuang Group (free of charge) for the Group's staff                                                       | Provision of Insurance Fund Administrative Services Agreement | 1,501,830                                 | 488,268                                                      |
| 4   | Sale of products, material and equipment lease provided to Yankuang Group                                                                                              | Provision of Products, Material and Equipment Lease Agreement | 5,827,150                                 | 846,794                                                      |
| 5   | Power and heat provided to Yankuang Group                                                                                                                              | Provision of Electricity and Heat Agreement                   | 142,600                                   | 58,194                                                       |
| 6   | Professional services including coal washing and processing services, management of operation of coal mining services and training services provided to Yankuang Group | Mutual Provision of Labor and Services Agreement              | 311,640                                   | 3,746 <sup>Note</sup>                                        |
| 7   | Financial services provided by Yankuang Group:                                                                                                                         | Financial Services Agreement                                  |                                           |                                                              |
|     | – deposit balance                                                                                                                                                      |                                                               | 1,180,000                                 | 1,175,678                                                    |
|     | – comprehensive credit facility services                                                                                                                               |                                                               | 400,000                                   | 331,198                                                      |
|     | – miscellaneous financial services fees                                                                                                                                |                                                               | 14,000                                    | 0                                                            |
| 8   | Train escort services provided by Yankuang Group                                                                                                                       | Coal Train Escort Services Agreement                          | 33,000                                    | 0                                                            |

*Note:* This figure shows the transaction between Shengdi Fenlei Coal Preparation Engineering Technology (Tianjin) Co., Ltd. (“this company”) and connected parties of the Company.

Pursuant to the applicable financial reporting standards, the financial data of this company is not included in the consolidated financial statements of the Company. However, as directors of this company designated by the Company are in the majority, according to applicable Hong Kong rules and regulations and Shanghai Stock Exchange listing rules, this company should be recognized as a subsidiary of the Company.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

### (II) Temporary Connected Transactions

#### 1. *Investment to Shanghai CIFCO Futures*

As considered and approved at the seventh meeting of the sixth session of the Board held on 27 March 2015, the Company would invest RMB264.6 million, contributing 33.33% equity interests in Shanghai CIFCO Futures. For details, please refer to the announcement in relation to resolutions passed at the seventh meeting of the sixth session of the Board and the announcement in relation to connected transactions dated 27 March 2015. The above announcements were also posted on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the website of the Company and/or China Securities Journal and Shanghai Securities News.

#### 2. *Acquisition of 100% of the equity interest of Donghua Heavy Industry*

As considered and approved at the ninth meeting of the sixth session of the Board held on 27 July 2015, the Company acquired 100% of equity interest in Donghua Heavy Industry held by Yankuang Group Co., Ltd. with a transaction price of RMB676 million. For details, please refer to the announcement in relation to resolutions passed at the ninth meeting of the sixth session of the Board and the announcement in relation to connected transactions dated 27 July 2015. The above announcements were also posted on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the website of the Company and/or China Securities Journal and Shanghai Securities News.

#### 3. *Repayment by Shaanxi Future Energy of an Entrusted Loan*

As considered and approved at the first meeting of the sixth session of the Board held on 14 May 2014, the Company has provided the entrusted loan of a total amount of RMB1.25 billion to Shaanxi Future Energy, a connected party of the Company in batches since 4 August 2014. As at 3 August 2015, Shaanxi Future Energy has repaid all the principal amount and the interest to the Company, the aggregate amount being RMB1.3234 billion. As a result, the Entrusted Loan has come to an end. For details, please refer to the announcement in relation to resolutions passed at the first meeting of the sixth session of the Board and the announcement in relation to connected transactions dated 14 May 2014, and the announcement in relation to repayment by Shaanxi Future Energy of an Entrusted Loan Provided by the Company dated 4 August 2015, respectively. The above announcements were also posted on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, the website of the Company and/or China Securities Journal and Shanghai Securities News.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

**(III) As at 30 June 2015, neither the Controlling Shareholder nor its subsidiaries had occupied the Group's funds for non-operational matters.**

Details of the Group's related-party transactions prepared in accordance with the IFRS are set out in Note 28 to the consolidated financial statements herein, or Note X as prepared in accordance with CASs. Certain related-party transactions set out in Note 28 to the consolidated financial statements prepared in accordance with the IFRS also constitute continuing connected transactions in Chapter 14A of the Hong Kong Listing Rules, and the Company confirmed that such transactions have complied with the relevant disclosure requirements under the Hong Kong Listing Rules.

Other than the material connected transactions disclosed in this Chapter, the Group was not a party to any other material connected transactions during the current reporting period.

## VI. MATERIAL CONTRACTS AND PERFORMANCE

- (I) During the current reporting period, the Group has not been involved in any trust arrangement, contract or lease of any other companies' assets or any trust arrangement, contract or lease of the Group's assets to any other companies, nor such transactions that occurred in the previous period but were extended to this period.
- (II) Guarantees performed during the reporting period and outstanding guarantees provided in previous years which extended to the reporting period

Unit: RMB100 million

|                                                                                                                 |        |
|-----------------------------------------------------------------------------------------------------------------|--------|
| <b>External guarantees(excluding guarantees to controlled subsidiaries)</b>                                     |        |
| Total amount of guarantee during the reporting period                                                           | 0      |
| Total guarantee balance by the end of the reporting period(A)                                                   | 0      |
| <b>Guarantees to controlled subsidiaries</b>                                                                    |        |
| Total amount of guarantee to controlled subsidiaries during the reporting period                                | 10.24  |
| Total balance of guarantee to controlled subsidiaries by the end of the reporting period(B)                     | 371.65 |
| <b>Total guarantees (including guarantees to controlled subsidiaries)</b>                                       |        |
| Total amount of guarantees (A+B)                                                                                | 371.65 |
| Percentage of total amount of guarantee in the equity attributable to the Shareholders of the Company (%)       | 90.04  |
| Including:                                                                                                      |        |
| Amount of guarantees to Shareholders, actual controllers and related parties (C)                                | 0      |
| Amount of guarantees directly or indirectly to guaranteed parties with a debt-to-assets ratio exceeding 70% (D) | 353.31 |
| Total amount of guarantee exceeding 50% of equity attributable to the Shareholders (E)                          | 165.26 |
| Total amount of the above 3 categories guarantees (C+D+E)                                                       | 518.57 |

Note: The above table is prepared based on CASs and calculated on the formula of USD1=RMB6.1136 and AUD1=RMB4.6993.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

1. *Information on guarantees that occurred in the previous period but were extended to the current reporting period:*

As approved at the 2011 annual general meeting, Yancoal Australia took a bank loan of USD3.04 billion for acquisition of equity interests of Yancoal Resources Limited. One tranche of the loan amounting to USD1.015 billion were due on 17 December 2012. After the repayment of USD100 million, Yancoal Australia extended the repayment date of the remaining principal amounting to USD45 million for 5 years, that is to 16 December 2017; USD300 million for 7.5 years, that is to 16 June 2020; and USD570 million for 8 years, that is to 16 December 2020. Another tranche of USD1.015 billion were due on 17 December 2013. After the repayment of USD100 million, Yancoal Australia extended the repayment date of the remaining principal amounting to USD45 million for 5 years, that is to 16 December 2018; USD300 million for 7.5 years, that is to 16 June 2021; and USD570 million for 8 years, that is to 16 December 2021. The tranche of USD1.010 billion were due on 16 December 2014. After the repayment of USD100 million, Yancoal Australia extended the repayment date of the remaining principal amounting to USD50 million for 5 years, that is to 16 December 2019; USD300 million for 7.5 years, that is to 16 June 2022; and USD560 million for 8 years, that is to 16 December 2022. As at 30 June 2015, the balance of the above loan was USD2.74 billion. The Company provided the guarantees of USD1.825 billion and RMB6.545 billion to Yancoal Australia.

As approved at the 2012 second extraordinary general meeting, the Company provided a guarantee to its wholly-owned subsidiary, Yancoal International Resources Development Co., Ltd., for issuing USD1.0 billion corporate bonds in the overseas market.

As approved at the 2012 annual general meeting, the Company issued a bank guarantee of RMB3.0 billion for a bank loan of USD455 million benefiting its wholly-owned subsidiary, Yancoal International (Holding) Company Limited.

As approved at the 2012 annual general meeting, the Company issued a bank guarantee of RMB5.536 billion for a bank loan of USD1.0 billion benefiting its wholly-owned subsidiary, Yancoal International (Holding) Company Limited.

As approved at the 2012 annual general meeting, the Company provided a guarantee to its wholly-owned subsidiary, Yancoal International Trading Co., Ltd., for issuing USD300 million perpetual bonds in the overseas market.

As approved at the 2014 first extraordinary general meeting, the Company provided a financing guarantee in the credit amount of AUD187 million to Yancoal Australia. In 2014, a total of AUD150 million guarantees were provided to Yancoal Australia by the Company.

A total of AUD266 million performance deposits and performance guarantees, which were needed for operation of Yancoal Australia and its subsidiaries, have been extended to the reporting period.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

### 2. *Information on guarantees arising during the reporting period:*

As approved at the 2014 annual general meeting of the Company, Yancoal Australia and its subsidiaries could provide guarantee to subsidiaries, not exceeding AUD500 million, for their daily operation. During the reporting period, there were AUD218 million performance deposits and performance guarantees in total for daily operation of Yancoal Australia and its subsidiaries.

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

### (III) **Other Material Contracts**

#### *Purchase of Bank's Wealth Management Products*

At the 2014 first extraordinary general meeting of the Company held on 24 October 2014, the Company was approved to carry out principal guaranteed financing business for an aggregate amount not exceeding RMB5.0 billion.

On 13 February 2015 and 16 February 2015, the Company entered into agreements with 6 banks, namely, Zoucheng sub-branch of Agricultural Bank of China Limited, Zoucheng sub-branch of Industrial and Commercial Bank of China Limited, Zoucheng sub-branch of Bank of China Limited, Jinan Yanshan sub-branch of Qilu Bank Co., Ltd., Jining branch of Industrial Bank Co., Ltd. and Jining branch of Guangdong Development Bank, respectively, to purchase the principal-guaranteed wealth management products from above mentioned 6 banks with a total amount of RMB5 billion by own fund. Each investment term is 1 month. Types of products are principal-guaranteed and floating income wealth management product and principal and income guaranteed wealth management product. After the maturity date, the Company has taken back all principal, as well as the income amounting to RMB19.775 million of the above principal-guaranteed wealth management products and not involved in any lawsuit.

On 21 April 2015, the Company entered into agreement with Zoucheng, Jining sub-branch of Bank of Communications Co., Ltd. to purchase the principal guaranteed wealth management product with a total amount of RMB1 billion by own fund. Type of product is principal and income guaranteed wealth management product and investment term is 3 months. After the maturity date, the Company has taken back all principal, as well as the income amounting to RMB13.962 million of the above principal-guaranteed wealth management product and not involved in any lawsuit.

On 23 June and 24 June 2015, the Company entered into agreements with Jining branch of Guangdong Development Bank and Jinan Yanshan sub-branch of Qilu Bank Co., Ltd., to purchase the principal-guaranteed wealth management products with a total amount of RMB4 billion by own fund. Both products are principal and income guaranteed wealth management products and their investment terms are 92 days.

On 23 July 2015, the Company entered into agreements with Zoucheng, Jining sub-branch of Bank of Communications Co., Ltd. and Jinan Yanshan sub-branch of Qilu Bank Co., Ltd., to purchase the principal-guaranteed wealth management products with a total amount of RMB950 million by own fund. All products are principal and income guaranteed wealth management products and their investment terms are 3 months.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

On 28 July 2015, the Company entered into agreements with Zoucheng, Jining sub-branch of Bank of Communications Co., Ltd. to purchase the principal-guaranteed wealth management products with a total amount of RMB50 million by own fund. This product is a principal and income guaranteed wealth management product and its investment term is 92 days.

For details, please refer to the announcements in relation to the purchase of wealth management products dated 13 February and 16 February, 21 April, 23 June and 24 June, 23 July and 28 July 2015, respectively. The above announcements were also posted on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the Company's website and/or China Securities Journal and Shanghai Securities news.

Save as disclosed in this chapter, the Company has not been a party to any material contracts during the current reporting period.

## VII. INVESTOR RELATIONS

The Company has been constantly improving the Rules for the Management of Investors' Relationship and has been carrying out the management of investors' relationship through effective information collection, compilation, examination, disclosure and feedback control procedures. During the reporting period, the Company has achieved the two-way communication with capital market through conducting international and domestic road-shows on the results of the Company, attending investment strategy meetings organized by brokers at home and abroad, welcoming the investors for site investigation and making full use of "SSE e-interaction platform", consulting telephone, fax and e-mail. The Company had meetings with more than 190 analysts, fund managers and investors in total.

## VIII. PERFORMANCE OF THE UNDERTAKINGS

| Undertaker     | Undertakings                                                                                                                                                                                                                                                                                                                                     | Deadline for performance                                                          | Performance                                                                                                                |
|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Yankuang Group | <b>Avoidance of horizontal competition</b><br>Yankuang Group and the Company entered into the Restructuring Agreement when the Company was carrying out the restructure in 1997, pursuant to which Yankuang Group undertook that it would take various effective measures to avoid horizontal competition with the Company.                      | Long-term effective                                                               | Ongoing (there is no violation of undertaking by Yankuang Group)                                                           |
|                | <b>Transfer of the mining right of Wanfu coal mine</b><br>In 2005, the Company acquired equity interests of HezeNeng Hua held by Yankuang Group. At that time, Yankuang Group made such undertaking that: the Company had the right to acquire the mining right of Wanfu coal mine once obtaining such mining right is obtained 12 months later. | Within 12 months when Yankuang Group obtained the mining right of Wanfu coal mine | Such performance has not been completed yet. (Yankuang Group obtained the mining right of Wanfu coal mine on 14 July 2015) |

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

| Undertaker                                               | Undertakings                                                                                                                                                                                                                                                                                                                          | Deadline for performance                                                                                                         | Performance                                                              |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
|                                                          | <b>Not reducing shareholding in the Company</b><br>On 10 July 2015, the Controlling Shareholder of the Company, Yankuang Group, undertook that it would not reduce its shareholding in the Company within 6 months.                                                                                                                   | 10 July 2015 to 10 January 2016                                                                                                  | Ongoing (there is no violation of undertaking by Yankuang Group)         |
| Directors, supervisors, senior management of the Company | <b>Not reducing shareholding in the Company</b><br>The directors, supervisors and senior management of the Company undertook that they would not reduce their respective shareholding in the Company during the period of their increase holding of A shares of the Company and within 6 months after completion of further increase. | During the period of their increase holding of A shares of the Company and within 6 months after completion of further increase. | Ongoing (there is no violation of shareholding reduction of the Company) |

## IX. OTHER SIGNIFICANT EVENTS DISCLOSURES

### (I) Establishment of Organizations and Subsidiaries

#### *Establishment of Futures Finance Department*

As approved at the ninth meeting of the sixth session of the Board of the Company held on 27 July 2015, the Company established Futures Finance Department, which mainly carries out futures and financial business of the Company.

#### *Establishment of Shandong Duanxin Supply Chain Management Co., Ltd.*

As approved at the general working meeting of the Company held on 11 May 2015, the Company established Shandong Duanxin Supply Chain Management Co., Ltd., a wholly-owned subsidiary of the Company, on 14 July 2015, with registered capital of RMB200 million. Its main scope of business includes: logistics, storage and leasing.

### (II) Other Events

(Prepared in accordance with the Hong Kong listing rules)

#### *Repurchase, sale or redemption of listed shares of the Company*

The 2014 annual general meeting was convened by the Company on 22 May 2015, at which a general mandate was granted to the Board to issue additional H Shares during the relevant authorized period. Under the general mandate, the Board is authorized to issue or not to issue additional H Shares with issuance amount not exceeding 20% of the aggregate nominal value of H Shares in issue as at the date of passing the resolution during the relevant authorized period according to the needs and market conditions upon obtaining approvals from the relevant regulatory authorities and complying with the relevant laws, regulations and the Articles.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

The 2014 annual general meeting, the 2015 first class meeting of the holders of A Shares and the 2015 first class meeting of the holders of H Shares were convened by the Company on 22 May 2015, at which a general mandate was granted to the Board to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares in issue as at the date of passing the resolution. Under the general mandate, the Board is authorized to repurchase H Shares during the relevant authorized period and to determine the relevant matters in relation to the repurchase of H Shares according to the needs and market conditions upon obtaining approvals from the relevant regulatory authorities and complying with the relevant laws, regulations and the Articles.

As at the date of this Interim Report, the Company has not exercised the above mentioned general mandates.

Save as disclosed above, there is no repurchase, sale or redemption of shares of the Company or any subsidiary of the Company during the reporting period.

### *Remuneration policy*

The remuneration for the Directors, Supervisors and senior management is proposed to the Board by the Remuneration Committee of the Board. Upon review and approval by the Board, any remuneration proposal for the Directors and Supervisors will be proposed to the Shareholders' general meeting for approval. The remuneration for senior management is reviewed and approved by the Board.

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

The remuneration policy for other employees of the Group is principally on the basis of their positions and responsibilities and their quantified assessment results, which includes 4 units: post wage, performance wage, allowances and supplementary wage. In accordance with the principle of "wages depend on economic efficiency", the Company implements flexible and diverse distribution scheme: a combination of annual salary and safe production mortgage applies to managers; a unit-based wage system for the workers and commission-based system according to the performance for salespersons.

## CHAPTER 4 SIGNIFICANT EVENTS – CONTINUED

### *Auditors*

During the reporting period, the Company engaged Shine Wing Certified Public Accountants (special general partnership) (CPA in the PRC, excluding Hong Kong), Grant Thornton (including Grant Thornton (special general partnership) and Grant Thornton Hong Kong Limited) (overseas, HKCPA) as its domestic and international auditors, respectively.

As approved at the 2014 annual general meeting held on 22 May 2015, the Company engaged Shine Wing Certified Public Accountants (special general partnership) and Grant Thornton (including Grant Thornton (special general partnership) and Grant Thornton Hong Kong Limited) as its domestic and international auditors of the Company for the year 2015.

- X. DURING THE REPORTING PERIOD, NEITHER THE COMPANY NOR ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING MORE THAN 5% OF THE SHARES OF THE COMPANY, ACTUAL CONTROLLING PERSONS HAVE BEEN INVESTIGATED BY THE RELEVANT AUTHORITIES, IMPOSED ANY COMPULSORY MEASURES BY JUDICIAL DEPARTMENTS, TRANSFERRED TO JUDICIAL ORGANISATION OR PROSECUTED FOR CRIMINAL LIABILITY, AUDITED OR IMPOSED ADMINISTRATIVE PENALTY BY THE CSRC, BANNED FROM ENTERING INTO THE SECURITIES MARKET, PUBLICLY CRITICIZED OR CONFIRMED AS NON-FIT OR PROPER PERSONS, OR PUBLICLY REPRIMANDED BY OTHER ADMINISTRATIVE DEPARTMENTS OR THE STOCK EXCHANGES.**
- XI. DURING THE REPORTING PERIOD, THERE WAS NO BANKRUPTCY RESTRUCTURING WITHIN THE COMPANY.**

## CHAPTER 5 CHANGES IN SHARES AND SHAREHOLDERS

### I. CHANGES IN SHARE CAPITAL

During the reporting period, the total number of shares and the capital structure of the Company remained the same.

As at 30 June 2015, the share capital structure of the Company was as follows:

|                                                         | Shares        | <i>Unit: share</i><br>Percentage<br>(%) |
|---------------------------------------------------------|---------------|-----------------------------------------|
| 1. Listed shares with restricted trading moratorium     | 20,000        | 0.0004                                  |
| Natural person shareholding in A Shares <sup>Note</sup> | 20,000        | 0.0004                                  |
| 2. Shares without trading moratorium                    | 4,918,380,000 | 99.9996                                 |
| A Shares                                                | 2,959,980,000 | 60.1818                                 |
| H Shares                                                | 1,958,400,000 | 39.8178                                 |
| 3. Total share capital                                  | 4,918,400,000 | 100.0000                                |

Note: The natural person shareholding in listed A shares with restricted trading moratorium is Mr. Wu Yuxiang, a director and Chief Financial Officer of the Company.

As at the latest practicable date prior to the issue of this Interim Report, according to the information publically available to the Company and within the knowledge of the Directors, the Directors believe that during this interim period, the public float of the Company is more than 25% of the Company's total issued shares, which is in compliance with the supervisory requirements of the place(s) of listing.

## CHAPTER 5 CHANGES IN SHARES AND SHAREHOLDERS – CONTINUED

### II. SECURITIES ISSUANCE

During the reporting period, the securities issued by the Company are as follows:

|                                                                                     | Issuance of the short-term financing notes in 2015 (first tranche)                                          | The 2015 first tranche non-public issuance of financing instruments                           | Issuance of the 2015 first tranche of medium term notes                                       | Issuance of the 2015 first tranche of super-short term bonds                                  | Issuance of the 2015 second tranche of super-short term bonds                                 |
|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Examination and approval procedures                                                 | Considered and approved at the 2012 annual general meeting of the Company held on 15 May 2013               | Considered and approved at the 2012 annual general meeting of the Company held on 15 May 2013 | Considered and approved at the 2013 annual general meeting of the Company held on 14 May 2014 | Considered and approved at the 2013 annual general meeting of the Company held on 14 May 2014 | Considered and approved at the 2013 annual general meeting of the Company held on 14 May 2014 |
| Issuer                                                                              | Yanzhou Coal Mining Co., Ltd.                                                                               | Yanzhou Coal Mining Co., Ltd.                                                                 | Yanzhou Coal Mining Co., Ltd.                                                                 | Yanzhou Coal Mining Co., Ltd.                                                                 | Yanzhou Coal Mining Co., Ltd.                                                                 |
| Issue date                                                                          | 18 March 2015                                                                                               | 10 April 2015                                                                                 | 30 April 2015                                                                                 | 11 June 2015                                                                                  | 18 June 2015                                                                                  |
| Value date                                                                          | 20 March 2015                                                                                               | 13 April 2015                                                                                 | 5 May 2015                                                                                    | 15 June 2015                                                                                  | 19 June 2015                                                                                  |
| Maturity date                                                                       | 20 March 2016                                                                                               | —                                                                                             | —                                                                                             | 11 March 2016                                                                                 | 15 March 2016                                                                                 |
| Interest rate                                                                       | 5.19%                                                                                                       | 6.50%                                                                                         | 6.19%                                                                                         | 4.20%                                                                                         | 4.20%                                                                                         |
| Issue price                                                                         | RMB100/par value<br>RMB100                                                                                  | RMB100/par value<br>RMB100                                                                    | RMB100/par value<br>RMB100                                                                    | RMB100/par value<br>RMB100                                                                    | RMB100/par value<br>RMB100                                                                    |
| Amount of Issue                                                                     | RMB5 billion                                                                                                | RMB2 billion                                                                                  | RMB2 billion                                                                                  | RMB2.5 billion                                                                                | RMB2.5 billion                                                                                |
| Net proceeds                                                                        | RMB4.99 billion                                                                                             | RMB1.982 billion                                                                              | RMB1.982 billion                                                                              | RMB2.496 billion                                                                              | RMB2.496 billion                                                                              |
| Use of proceeds                                                                     | Replenishment of working capital for operation and production of the Company, repayment of loans from banks | Repayment of loans from financial institutions                                                | Replenishment of working capital for operation and production                                 | Replenishment of working capital for operation and production                                 | Replenishment of working capital for operation and production                                 |
| Total amount of Proceeds that Has been used during The reporting period             | RMB4.99 billion                                                                                             | RMB1.982 billion                                                                              | RMB1.982 billion                                                                              | RMB2.496 billion                                                                              | RMB2.496 billion                                                                              |
| Total accumulated amount of Proceeds that Has been used during The reporting period | RMB4.99 billion                                                                                             | RMB1.982 billion                                                                              | RMB1.982 billion                                                                              | RMB2.496 billion                                                                              | RMB2.496 billion                                                                              |
| Total amount Of remaining proceeds                                                  | 0                                                                                                           | 0                                                                                             | 0                                                                                             | 0                                                                                             | 0                                                                                             |
| Date and credit Rating of tracked ratings                                           | 29 June 2015<br>Rating: A-1                                                                                 | —                                                                                             | 29 June 2015<br>Rating: AAA                                                                   | —                                                                                             | —                                                                                             |

## CHAPTER 5 CHANGES IN SHARES AND SHAREHOLDERS – CONTINUED

### III. SHAREHOLDERS

#### (I) Total Number of the Shareholders at the End of the Reporting Period

As of 30 June 2015, the Company had a total of 73,879 Shareholders, of which one was holder of A Shares subject to a trading moratorium, 73,596 were holders of A Shares without a trading moratorium and 282 were holders of H Shares.

#### (II) Top Ten Shareholders

Based on the register of members provided by the China Securities Depository and Clearing Corporation Limited Shanghai Branch and Hong Kong Registrars Limited as at 30 June 2015, the top ten Shareholders were as follows:

*Unit: share*

| Total number of Shareholders                                                                             |                          |                                             |                       |                                               |                                                       | 73,879                             |
|----------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------|-----------------------|-----------------------------------------------|-------------------------------------------------------|------------------------------------|
| <b>Shareholdings of the top ten Shareholders</b>                                                         |                          |                                             |                       |                                               |                                                       |                                    |
| Name of Shareholder                                                                                      | Nature of Shareholders   | Percentage holding of the total capital (%) | Number of shares held | Increase/decrease during the reporting period | Number of shares held subject to a trading moratorium | Number of pledged or locked shares |
| Yankuang Group Company Limited                                                                           | State-owned legal person | 52.86                                       | 2,600,000,000         | 0                                             | 0                                                     | 0                                  |
| HKSCC (Nominees) Limited                                                                                 | Foreign legal person     | 39.68                                       | 1,951,433,499         | 2,030,000                                     | 0                                                     | Unknown                            |
| National Social Security Fund 412 Portfolio                                                              | Others                   | 0.13                                        | 6,465,478             | 4,760,957                                     | 0                                                     | 0                                  |
| CBC-BoseraYufu CSI300 Index Securities Investment Fund                                                   | Others                   | 0.06                                        | 3,056,516             | -2,756,500                                    | 0                                                     | 0                                  |
| BOC-Coal Power Index Classification under the China Merchants Securities Investment Funds                | Others                   | 0.06                                        | 3,007,911             | 3,007,911                                     | 0                                                     | 0                                  |
| ICBC-Penghua CIS A Shares Resource Industry Index Classification Securities Investment Fund              | Others                   | 0.05                                        | 2,563,914             | -734,017                                      | 0                                                     | 0                                  |
| Wang Lianzhi                                                                                             | Domestic natural person  | 0.05                                        | 2,280,000             | 2,280,000                                     | 0                                                     | 0                                  |
| Chen Liang                                                                                               | Domestic natural person  | 0.04                                        | 2,208,294             | 2,208,294                                     | 0                                                     | 0                                  |
| CBC-Fortune SG Income & Growth Hybrid Securities Investment Fund                                         | Others                   | 0.04                                        | 2,020,700             | 2,020,700                                     | 0                                                     | 0                                  |
| Bank of Communications Co., Ltd.- Everbright Pramerica SOE Reform Theme Stock Securities Investment Fund | Others                   | 0.04                                        | 2,009,058             | 2,009,058                                     | 0                                                     | 0                                  |

## CHAPTER 5 CHANGES IN SHARES AND SHAREHOLDERS – CONTINUED

### Top ten Shareholders holding tradable shares not subject to trading moratorium

| Name of Shareholder                                                                                       | Number of tradable shares held                                                                                                                                                                                                                                                                          | Class of shares held |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Yankuang Group Company Limited                                                                            | 2,600,000,000                                                                                                                                                                                                                                                                                           | A Shares             |
| HKSCC (Nominees) Limited                                                                                  | 1,951,433,499                                                                                                                                                                                                                                                                                           | H Shares             |
| National Social Security Fund 412 Portfolio                                                               | 6,465,478                                                                                                                                                                                                                                                                                               | A Shares             |
| CBC - BoseraYufu CSI300 Index Securities Investment Fund                                                  | 3,056,516                                                                                                                                                                                                                                                                                               | A Shares             |
| BOC - Coal power index classification under the China Merchants Securities Investment Funds               | 3,007,911                                                                                                                                                                                                                                                                                               | A Shares             |
| ICBC - Penghua CIS A Shares Resource Industry Index Classification Securities Investment Fund             | 2,563,914                                                                                                                                                                                                                                                                                               | A Shares             |
| Wang Lianzhi                                                                                              | 2,280,000                                                                                                                                                                                                                                                                                               | A Shares             |
| Chen Liang                                                                                                | 2,208,294                                                                                                                                                                                                                                                                                               | A Shares             |
| CBC - Fortune SG Income & Growth Hybrid Securities Investment Fund                                        | 2,020,700                                                                                                                                                                                                                                                                                               | A Shares             |
| Bank of Communications Co., Ltd. - Everbright Pramerica SOE Reform Theme Stock Securities Investment Fund | 2,009,058                                                                                                                                                                                                                                                                                               | A Shares             |
| Connected relationship or concerted-party relationship among the above Shareholders                       | The subsidiary of Yankuang Group in Hong Kong held 180 million H shares through HKSCC (Nominees) Limited. Save as disclosed above, it is not known whether other Shareholders are connected with one another or whether any of these Shareholders fall within the meaning of parties acting in concert. |                      |

As the clearing and settlement agent for the Company's H Shares, HKSCC Nominees Limited holds the Company's H Shares in the capacity of a nominee.

## CHAPTER 5 CHANGES IN SHARES AND SHAREHOLDERS – CONTINUED

### (III) Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

As far as the Directors are aware, save as disclosed below, as at 30 June 2015, 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 (the “SFO”); II. be recorded in the register to be kept pursuant to Section 336 of the SFO; III. notify the Company and the Hong Kong Stock Exchange in other way.

| Name of substantial shareholders   | Class of shares                            | Capacity                                      | Number of shares held (shares) | Nature of interests | Percentage in the H share capital of the Company | Percentage in total share capital of the Company |
|------------------------------------|--------------------------------------------|-----------------------------------------------|--------------------------------|---------------------|--------------------------------------------------|--------------------------------------------------|
| Yankuang Group                     | A Shares (state-owned legal person shares) | Beneficial owner                              | 2,600,000,000                  | Long position       | —                                                | 52.86%                                           |
| Yankuang Group (Note 1)            | H shares                                   | Interest of controlled corporations           | 180,000,000                    | Long position       | 9.19%                                            | 3.66%                                            |
| BlackRock, Inc.                    | H shares                                   | Interest of controlled corporations           | 104,375,081                    | Long position       | 5.33%                                            | 2.12%                                            |
|                                    |                                            |                                               | 7,294,380                      | Short position      | 0.37%                                            | 0.15%                                            |
| Templeton Asset Management Ltd.    | H Shares                                   | Investment manager                            | 233,066,800                    | Long position       | 11.90%                                           | 4.74%                                            |
| JP Morgan Chase & Co.              | H Shares                                   | Beneficial owner                              | 54,678,403                     | Long position       | 2.79%                                            | 1.11%                                            |
|                                    |                                            |                                               | 12,041,527                     | Short position      | 0.61%                                            | 0.24%                                            |
|                                    |                                            | Investment manager                            | 14,000                         | Long position       | 0.00%                                            | 0.00%                                            |
|                                    |                                            | Custodian corporation/ approved lending agent | 61,752,735                     | Long position       | 3.15%                                            | 1.26%                                            |
| BNP Paribas Investment Partners SA | H Shares                                   | Investment manager                            | 117,641,207                    | Long position       | 6.01%                                            | 2.39%                                            |

Notes:

1. Yankuang Group's subsidiary in Hong Kong holds such H Shares in the capacity of beneficial owner.
2. The percentage figures above have been rounded off to the nearest second decimal place.
3. Information disclosed hereby is based on the information available on the website of Hong Kong Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk).

Pursuant to the PRC Securities Law, save as disclosed above, no other Shareholders recorded in the register of the Company as at 30 June 2015 had an interest of 5% or more of the Company's issued shares.

During the reporting period, the Company's controlling shareholder or its actual controller remain unchanged.

## CHAPTER 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

### I. CHANGES IN SHARES HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

As at the end of this interim report, the current and resigned Directors, Supervisors and senior management during the reporting period together held 20,000 of the Company's A shares, representing 0.0004% of the total issued share capital of the Company.

As at the disclosure date of this interim report, the current and resigned Directors, Supervisors and senior management during the reporting period together held 170,500 of the Company's A shares, representing 0.00347% of the total issued share capital of the Company.

As at the disclosure date of this interim report, save as disclosed below, none of the Directors, chief executive or Supervisors had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which (i) was required to be recorded in the register established and maintained in accordance with section 352 of the SFO; or (ii) was required to be notified to the Company and Hong Kong Stock Exchange in accordance with the Model Code (Appendix 10 to the Hong Kong Listing Rules) (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

Shareholding of the Company:

The shareholding of A shares of the Company by directors, supervisors and senior management of the Company is as follows:

| Name            | Title                                      | Number of shares held at the beginning of the period (shares) | Increase from 1 Jan 2015 till the disclosure date of this interim report (shares) | Decrease from 1 Jan 2015 till the disclosure date of this interim report (shares) | Number of shares held at the disclosure date of this interim report (shares) | Reasons for the change |
|-----------------|--------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------|
| Li Xiyong       | Chairman                                   | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Yin Mingde      | Director, general manager                  | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Wu Yuxiang      | Director, Chief Financial Officer          | 20,000                                                        | 10000                                                                             | 0                                                                                 | 30000                                                                        | Secondary Transaction  |
| Wu Xiangqian    | Director                                   | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Jiang Qingquan  | Employee director                          | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Zhang Shengdong | Chairman of the supervisory committee      | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Gu Shisheng     | Vice chairman of the supervisory committee | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |

## CHAPTER 6 DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES – CONTINUED

| Name           | Title                  | Number of shares held at the beginning of the period (shares) | Increase from 1 Jan 2015 till the disclosure date of this interim report (shares) | Decrease from 1 Jan 2015 till the disclosure date of this interim report (shares) | Number of shares held at the disclosure date of this interim report (shares) | Reasons for the change |
|----------------|------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------|
| Zhen Ailan     | Supervisor             | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Guo Jun        | Employee supervisor    | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Chen Zhongyi   | Employee supervisor    | 0                                                             | 10500                                                                             | 0                                                                                 | 10500                                                                        | Secondary Transaction  |
| Shi Chengzhong | Deputy general manager | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Liu Chun       | Deputy general manager | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Ding Guangmu   | Deputy general manager | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Wang Fuqi      | Chief engineer         | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |
| Zhao Honggang  | Deputy general manager | 0                                                             | 10000                                                                             | 0                                                                                 | 10000                                                                        | Secondary Transaction  |

All of the above disclosed interests represent long positions in the Company's shares.

Shareholding in associated corporations of the Company:

The shareholding of shares of Yancoal Australia by directors, supervisors and senior management of the Company is as follows:

| Name         | Position                                                 | Number of shares held at the disclosure date of this interim report (shares) | Reasons for the change |
|--------------|----------------------------------------------------------|------------------------------------------------------------------------------|------------------------|
| Zhang Baocai | Director, deputy general manager, secretary to the Board | 1,162,790                                                                    | Secondary Transaction  |

Save as disclosed above, as at the disclosure date of this interim report, none of the Directors, Supervisors or senior management of the Company held any Company's shares, share options or granted restricted stocks. During the six months ended 30 June 2015, none of the Directors, Supervisors, senior management nor their respective spouses or children under the age of 18 were granted any rights by the Company to subscribe for any interests in the shares, underlying shares or debentures of the Company or its associated corporations.

### II. ELECTION OR RESIGNATION OF DIRECTORS AND SUPERVISORS AND APPOINTMENT OR DISMISSAL OF SENIOR MANAGEMENT

#### (I) Changes of Members of the Sixth Session of the Board

Due to work allocation, Mr. Zhang Xinwen, former vice chairman of the Company, has tendered his resignation to the Company. He resigned from the positions of a director and vice chairman of the Company with effect from 13 March 2015.

#### (II) Changes of Members of the Sixth Session of the Supervisory Committee

Mr. Shi Xuerang, the former chairman of the Supervisory Committee of the Company, has reached his age of retirement and has tendered his resignation to the Company. He resigned from the position of a supervisor and chairman of the Supervisory Committee of the Company with effect from 30 June 2015.

As considered and approved at the sixth meeting of the sixth session of the Supervisory Committee of the Company held on 1 July 2015, Mr. Zhang Shengdong and Mr. Gu Shisheng were elected as the chairman of the sixth session of Supervisory Committee and vice chairman of the sixth session of Supervisory Committee of the Company.

### III. CHANGES IN POSITIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT IN THE SUBSIDIARIES OF THE COMPANY

(Prepared in accordance with the Hong Kong Listing Rules)

| Title                     | Name       | Before change | After change                                                             | New employment        |
|---------------------------|------------|---------------|--------------------------------------------------------------------------|-----------------------|
| Director, general manager | Yin Mingde | —             | Director of Yancoal International (Holding) Co., Ltd.                    | Since 12 January 2015 |
| Deputy general manager    | Liu Chun   | —             | Executive director of Shandong Duanxin Supply Chain Management Co., Ltd. | Since 9 July 2015     |

### IV. EMPLOYEES

As at 30 June 2015, the Group had a total of 67,062 employees, of whom 5,030 were administrative personnel, 4,272 were technicians, 42,081 were involved in production and 15,679 were other supporting staff.

As at 30 June 2015, the total wages and allowances of the staff of the Group for the reporting period amounted to RMB2.8393 billion.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED JUNE 30, 2015

|                                              | Notes | Six months ended June 30,      |                                |
|----------------------------------------------|-------|--------------------------------|--------------------------------|
|                                              |       | 2015<br>RMB'000<br>(unaudited) | 2014<br>RMB'000<br>(unaudited) |
| Gross sales of coal                          | 5     | 16,472,325                     | 30,004,950                     |
| Railway transportation service income        |       | 156,455                        | 215,413                        |
| Gross sales of electricity power             |       | 286,641                        | 69,628                         |
| Gross sales of methanol                      |       | 1,218,377                      | 630,880                        |
| Gross sales of heat supply                   |       | 10,160                         | 12,518                         |
| Total revenue                                |       | 18,143,958                     | 30,933,389                     |
| Transportation costs of coal                 | 5     | (934,150)                      | (1,171,307)                    |
| Cost of sales and service provided           | 6     | (12,864,543)                   | (24,933,191)                   |
| Cost of electricity power                    |       | (249,910)                      | (54,578)                       |
| Cost of methanol                             |       | (869,177)                      | (431,370)                      |
| Cost of heat supply                          |       | (4,047)                        | (6,000)                        |
| Gross profit                                 |       | 3,222,131                      | 4,336,943                      |
| Selling, general and administrative expenses |       | (2,844,697)                    | (3,568,844)                    |
| Share of profit of associates                |       | 227,629                        | 99,240                         |
| Share of loss of joint ventures              |       | (77,646)                       | (188,592)                      |
| Other income                                 | 7     | 1,219,200                      | 779,105                        |
| Interest expenses                            | 8     | (1,502,540)                    | (1,120,423)                    |
| Profit before income taxes                   | 9     | 244,077                        | 337,429                        |
| Income taxes                                 | 10    | (242,546)                      | 33,723                         |
| Profit for the period                        |       | 1,531                          | 371,152                        |
| Attributable to:                             |       |                                |                                |
| Equity holders of the Company                |       | (50,626)                       | 587,235                        |
| Owners of perpetual capital securities       |       | 132,896                        | –                              |
| Non-controlling interests                    |       |                                |                                |
| – Perpetual capital securities               |       | 66,535                         | 14,696                         |
| – Other                                      |       | (147,274)                      | (230,779)                      |
|                                              |       | 1,531                          | 371,152                        |
| (Loss) Earnings per share, basic and diluted | 12    | (RMB 0.01)                     | RMB 0.12                       |
| (Loss) Earnings per ADS, basic and diluted   | 12    | (RMB 0.1)                      | RMB 1.19                       |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2015

|                                                                          | Six months ended June 30, |             |
|--------------------------------------------------------------------------|---------------------------|-------------|
|                                                                          | 2015                      | 2014        |
|                                                                          | RMB'000                   | RMB'000     |
|                                                                          | (unaudited)               | (unaudited) |
| Profit for the period                                                    | 1,531                     | 371,152     |
| Other comprehensive (loss) income (after income tax):                    |                           |             |
| Items that may be reclassified subsequently to profit or loss:           |                           |             |
| Available-for-sale investments:                                          |                           |             |
| Change in fair value                                                     | 132,946                   | (7,821)     |
| Deferred taxes                                                           | (33,237)                  | 1,955       |
|                                                                          | 99,709                    | (5,866)     |
| Cash flow hedges:                                                        |                           |             |
| Cash flow hedge reserve recognized in other comprehensive income         | 86,983                    | (791,983)   |
| Reclassification adjustments for amounts transferred to income statement |                           |             |
| (Included in selling, general and administrative expenses)               | (23,565)                  | 977,099     |
| Deferred taxes                                                           | (24,262)                  | 558,363     |
|                                                                          | 39,156                    | 743,479     |
| Share of other comprehensive income of associates                        | 22,637                    | –           |
| Exchange difference arising on translation of foreign operations         | (2,337,288)               | 1,332,149   |
| Other comprehensive (loss) income for the period                         | (2,175,786)               | 2,069,762   |
| Total comprehensive (loss) income for the period                         | (2,174,255)               | 2,440,914   |
| Attributable to:                                                         |                           |             |
| Equity holders of the Company                                            | (1,792,928)               | 2,282,416   |
| Owners of perpetual capital securities                                   | 132,896                   | –           |
| Non-controlling interests                                                |                           |             |
| – Perpetual capital securities                                           | 66,535                    | 14,696      |
| – Others                                                                 | (580,758)                 | 143,802     |
|                                                                          | (2,174,255)               | 2,440,914   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONDENSED CONSOLIDATED BALANCE SHEET

AT JUNE 30, 2015

|                                           | Notes | At June 30,<br>2015<br>RMB'000<br>(unaudited) | At December 31,<br>2014<br>RMB'000<br>(audited) |
|-------------------------------------------|-------|-----------------------------------------------|-------------------------------------------------|
| <b>ASSETS</b>                             |       |                                               |                                                 |
| <b>CURRENT ASSETS</b>                     |       |                                               |                                                 |
| Bank balances and cash                    |       | 15,096,732                                    | 15,041,928                                      |
| Term deposits                             | 13    | 5,597,453                                     | 5,154,296                                       |
| Restricted cash                           | 13    | 144,927                                       | 275,981                                         |
| Bills and accounts receivable             | 14    | 6,558,978                                     | 7,084,105                                       |
| Royalty Receivable                        | 26(i) | 84,786                                        | 89,137                                          |
| Inventories                               |       | 1,795,091                                     | 1,470,480                                       |
| Prepayments and other receivables         | 15    | 9,242,954                                     | 7,219,251                                       |
| Prepaid lease payments                    |       | 20,709                                        | 22,343                                          |
| Long term receivables-due within one year |       | 1,644,157                                     | 1,705,757                                       |
| Derivative financial instruments          |       | 1,175                                         | 359                                             |
| Tax recoverable                           |       | 101,781                                       | 22,706                                          |
| <b>TOTAL CURRENT ASSETS</b>               |       | <b>40,288,743</b>                             | <b>38,086,343</b>                               |
| <b>NON-CURRENT ASSETS</b>                 |       |                                               |                                                 |
| Intangible assets                         | 16    | 35,770,812                                    | 37,287,549                                      |
| Prepaid lease payments                    |       | 766,857                                       | 776,751                                         |
| Property, plant and equipment             | 17    | 44,079,471                                    | 44,174,612                                      |
| Goodwill                                  |       | 2,211,945                                     | 2,232,751                                       |
| Investments in securities                 | 18    | 1,550,856                                     | 388,764                                         |
| Interests in associates                   |       | 3,304,582                                     | 2,955,629                                       |
| Interests in joint ventures               |       | 54,781                                        | 130,867                                         |
| Restricted cash                           | 13    | 5,011                                         | 53,870                                          |
| Long term receivables                     |       | 291,165                                       | 302,517                                         |
| Royalty Receivable                        | 26(i) | 870,203                                       | 909,927                                         |
| Deposits made on investments              |       | 118,926                                       | 118,926                                         |
| Deferred tax assets                       | 22    | 5,080,564                                     | 5,679,608                                       |
| <b>TOTAL NON-CURRENT ASSETS</b>           |       | <b>94,105,173</b>                             | <b>95,011,771</b>                               |
| <b>TOTAL ASSETS</b>                       |       | <b>134,393,916</b>                            | <b>133,098,114</b>                              |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONDENSED CONSOLIDATED BALANCE SHEET – CONTINUED

AT JUNE 30, 2015

|                                                                                       | Notes | At June 30,<br>2015<br>RMB'000<br>(unaudited) | At December 31,<br>2014<br>RMB'000<br>(audited) |
|---------------------------------------------------------------------------------------|-------|-----------------------------------------------|-------------------------------------------------|
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                                           |       |                                               |                                                 |
| <b>CURRENT LIABILITIES</b>                                                            |       |                                               |                                                 |
| Bills and accounts payable                                                            | 19    | 2,940,561                                     | 4,037,204                                       |
| Other payables and accrued expenses                                                   |       | 8,042,957                                     | 8,736,690                                       |
| Provision for land subsidence, restoration, rehabilitation<br>and environmental costs | 20    | 2,894,563                                     | 2,900,054                                       |
| Amounts due to Parent Company and its subsidiary companies                            |       | 226,557                                       | 190,408                                         |
| Borrowings-due within one year                                                        | 21    | 16,759,532                                    | 10,871,689                                      |
| Long term payable and provision-due within one year                                   |       | 398,634                                       | 398,794                                         |
| Derivative financial instruments                                                      |       | –                                             | 81,602                                          |
| Tax payable                                                                           |       | 20,425                                        | 113,442                                         |
| <b>TOTAL CURRENT LIABILITIES</b>                                                      |       | <b>31,283,229</b>                             | <b>27,329,883</b>                               |
| <b>NON-CURRENT LIABILITIES</b>                                                        |       |                                               |                                                 |
| Borrowings-due after one year                                                         | 21    | 46,725,068                                    | 50,566,399                                      |
| Deferred tax liability                                                                | 22    | 7,032,911                                     | 7,554,413                                       |
| Provision for land subsidence, restoration,<br>rehabilitation and environmental costs | 20    | 676,998                                       | 529,953                                         |
| Long term payable and provision-due after one year                                    |       | 1,052,001                                     | 1,118,950                                       |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                                                  |       | <b>55,486,978</b>                             | <b>59,769,715</b>                               |
| <b>TOTAL LIABILITIES</b>                                                              |       | <b>86,770,207</b>                             | <b>87,099,598</b>                               |
| <b>Capital and reserves</b>                                                           |       |                                               |                                                 |
| Share capital                                                                         | 23    | 4,918,400                                     | 4,918,400                                       |
| Reserves                                                                              | 23    | 31,916,150                                    | 33,807,446                                      |
| <b>Equity attributable to equity holders of the Company</b>                           |       | <b>36,834,550</b>                             | <b>38,725,846</b>                               |
| Owners of perpetual capital securities                                                | 24    | 6,618,352                                     | 2,521,456                                       |
| Non-controlling interests                                                             |       |                                               |                                                 |
| – Perpetual capital securities                                                        | 24    | 1,852,254                                     | 1,851,903                                       |
| – Subordinated capital notes                                                          | 25    | 3,102                                         | 3,102                                           |
| – Others                                                                              |       | 2,315,451                                     | 2,896,209                                       |
| <b>TOTAL EQUITY</b>                                                                   |       | <b>47,623,709</b>                             | <b>45,998,516</b>                               |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                                   |       | <b>134,393,916</b>                            | <b>133,098,114</b>                              |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2015

|                                                                    | Non-controlling interests      |               |                         |                               |                     |                                |                         |                   |                |            |                              |            |       |
|--------------------------------------------------------------------|--------------------------------|---------------|-------------------------|-------------------------------|---------------------|--------------------------------|-------------------------|-------------------|----------------|------------|------------------------------|------------|-------|
|                                                                    | Attributable to equity holders |               |                         |                               |                     |                                |                         |                   |                |            | Perpetual capital securities | Others     | Total |
|                                                                    | Share capital                  | Share premium | Future development fund | Statutory common reserve fund | Translation reserve | Investment revaluation reserve | Cash flow hedge reserve | Retained earnings | of the Company |            |                              |            |       |
|                                                                    | RMB'000                        | RMB'000       | RMB'000                 | RMB'000                       | RMB'000             | RMB'000                        | RMB'000                 | RMB'000           | RMB'000        | RMB'000    | RMB'000                      | RMB'000    |       |
|                                                                    | (note 23)                      |               | (note 23)               | (note 23)                     |                     |                                |                         |                   |                | (note 24b) |                              |            |       |
| Balance at January 1, 2014                                         | 4,918,400                      | 2,981,002     | 3,975,732               | 5,511,323                     | (3,232,348)         | 71,560                         | (750,785)               | 26,903,794        | 40,378,678     | -          | 3,607,383                    | 43,986,061 |       |
| Profit for the period (unaudited)                                  | -                              | -             | -                       | -                             | -                   | -                              | -                       | 587,235           | 587,235        | 14,696     | (230,779)                    | 371,152    |       |
| Other comprehensive income (unaudited):                            |                                |               |                         |                               |                     |                                |                         |                   |                |            |                              |            |       |
| - Fair value change of available-for-sale investments              | -                              | -             | -                       | -                             | -                   | (5,866)                        | -                       | -                 | (5,866)        | -          | -                            | (5,866)    |       |
| - Cash flow hedge reserve recognized                               | -                              | -             | -                       | -                             | -                   | -                              | 584,127                 | -                 | 584,127        | -          | 159,352                      | 743,479    |       |
| - Exchange difference arising on translation of foreign operations | -                              | -             | -                       | -                             | 1,116,920           | -                              | -                       | -                 | 1,116,920      | -          | 215,229                      | 1,332,149  |       |
| Total comprehensive income for the period (unaudited)              | -                              | -             | -                       | -                             | 1,116,920           | (5,866)                        | 584,127                 | 587,235           | 2,282,416      | 14,696     | 143,802                      | 2,440,914  |       |
| Transactions with owners (unaudited):                              |                                |               |                         |                               |                     |                                |                         |                   |                |            |                              |            |       |
| - Issue of perpetual capital security                              | -                              | -             | -                       | -                             | -                   | -                              | -                       | -                 | -              | 1,835,747  | -                            | 1,835,747  |       |
| - Appropriations to and utilization of reserves                    | -                              | -             | (237,299)               | -                             | -                   | -                              | -                       | 237,299           | -              | -          | -                            | -          |       |
| - Dividends                                                        | -                              | -             | -                       | -                             | -                   | -                              | -                       | (98,368)          | (98,368)       | -          | -                            | (98,368)   |       |
| Total transactions with owners (unaudited)                         | -                              | -             | (237,299)               | -                             | -                   | -                              | -                       | 138,931           | (98,368)       | 1,835,747  | -                            | 1,737,379  |       |
| Balance at June 30, 2014                                           | 4,918,400                      | 2,981,002     | 3,738,433               | 5,511,323                     | (2,115,428)         | 65,694                         | (166,658)               | 27,629,960        | 42,562,726     | 1,850,443  | 3,751,185                    | 48,164,354 |       |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

FOR THE SIX MONTHS ENDED JUNE 30, 2015

|                                                                    | Attributable to equity holders of the Company |                          |                                                 |                                                       |                                |                                           |                                    |                              | Non-controlling interests      |                                                    |                                                     |                            |           |                  |
|--------------------------------------------------------------------|-----------------------------------------------|--------------------------|-------------------------------------------------|-------------------------------------------------------|--------------------------------|-------------------------------------------|------------------------------------|------------------------------|--------------------------------|----------------------------------------------------|-----------------------------------------------------|----------------------------|-----------|------------------|
|                                                                    | Share capital<br>RMB'000<br>(note 23)         | Share premium<br>RMB'000 | Future development fund<br>RMB'000<br>(note 23) | Statutory common reserve fund<br>RMB'000<br>(note 23) | Translation reserve<br>RMB'000 | Investment revaluation reserve<br>RMB'000 | Cash flow hedge reserve<br>RMB'000 | Retained earnings<br>RMB'000 | Total<br>RMB'000<br>(note 24a) | Perpetual Capital Securities issued by the Company | Perpetual Capital Securities issued by a subsidiary | Subordinated Capital Notes | Others    | Total<br>RMB'000 |
|                                                                    |                                               |                          |                                                 |                                                       |                                |                                           |                                    |                              |                                |                                                    |                                                     |                            |           |                  |
|                                                                    |                                               |                          |                                                 |                                                       |                                |                                           |                                    |                              |                                |                                                    |                                                     |                            |           |                  |
|                                                                    |                                               |                          |                                                 |                                                       |                                |                                           |                                    |                              |                                |                                                    |                                                     |                            |           |                  |
| Balance at January 1, 2015                                         | 4,918,400                                     | 2,981,002                | 1,659,447                                       | 5,930,111                                             | (4,916,438)                    | 140,185                                   | (1,455,942)                        | 29,469,081                   | 38,725,846                     | 2,521,456                                          | 1,851,903                                           | 3,102                      | 2,896,209 | 45,998,516       |
| Profit for the period (unaudited)                                  | -                                             | -                        | -                                               | -                                                     | -                              | -                                         | -                                  | (50,626)                     | (50,626)                       | 132,896                                            | 66,535                                              | -                          | (147,274) | 1,531            |
| Other comprehensive (loss) (unaudited):                            |                                               |                          |                                                 |                                                       |                                |                                           |                                    |                              |                                |                                                    |                                                     |                            |           |                  |
| – Fair value change of available-for-sale investments              | -                                             | -                        | -                                               | -                                                     | -                              | 99,709                                    | -                                  | -                            | 99,709                         | -                                                  | -                                                   | -                          | -         | 99,709           |
| – Share of comprehensive income from associate                     | -                                             | -                        | -                                               | -                                                     | -                              | 22,637                                    | -                                  | -                            | 22,637                         | -                                                  | -                                                   | -                          | -         | 22,637           |
| – Cash flow hedge reserve recognized                               | -                                             | -                        | -                                               | -                                                     | -                              | -                                         | 31,384                             | -                            | 31,384                         | -                                                  | -                                                   | -                          | 7,772     | 39,156           |
| – Exchange difference arising on translation of foreign operations | -                                             | -                        | -                                               | -                                                     | (1,896,032)                    | -                                         | -                                  | -                            | (1,896,032)                    | -                                                  | -                                                   | -                          | (441,256) | (2,337,288)      |
| Total comprehensive (loss) for the period (unaudited)              | -                                             | -                        | -                                               | -                                                     | (1,896,032)                    | 122,346                                   | 31,384                             | (50,626)                     | (1,792,928)                    | 132,896                                            | 66,535                                              | -                          | (580,758) | (2,174,255)      |
| Transactions with owners (unaudited):                              |                                               |                          |                                                 |                                                       |                                |                                           |                                    |                              |                                |                                                    |                                                     |                            |           |                  |
| – Issuance of perpetual capital securities                         | -                                             | -                        | -                                               | -                                                     | -                              | -                                         | -                                  | -                            | -                              | 3,964,000                                          | -                                                   | -                          | -         | 3,964,000        |
| – Distribution paid to holders of perpetual capital securities     | -                                             | -                        | -                                               | -                                                     | -                              | -                                         | -                                  | -                            | -                              | -                                                  | (66,184)                                            | -                          | -         | (66,184)         |
| – Appropriations to and utilization of reserves                    | -                                             | -                        | (656,675)                                       | 75,959                                                | -                              | -                                         | -                                  | 580,716                      | -                              | -                                                  | -                                                   | -                          | -         | -                |
| – Dividends                                                        | -                                             | -                        | -                                               | -                                                     | -                              | -                                         | -                                  | (98,368)                     | (98,368)                       | -                                                  | -                                                   | -                          | -         | (98,368)         |
| Total transactions with owners (unaudited)                         | -                                             | -                        | (656,675)                                       | 75,959                                                | -                              | -                                         | -                                  | 482,348                      | (98,368)                       | 3,964,000                                          | (66,184)                                            | -                          | -         | 3,799,448        |
| Balance at June 30, 2015                                           | 4,918,400                                     | 2,981,002                | 1,002,772                                       | 6,006,070                                             | (6,812,470)                    | 262,531                                   | (1,424,558)                        | 29,900,803                   | 36,834,550                     | 6,618,352                                          | 1,852,254                                           | 3,102                      | 2,315,451 | 47,623,709       |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2015

|                                                         | Notes | Six months ended June 30,      |                                |
|---------------------------------------------------------|-------|--------------------------------|--------------------------------|
|                                                         |       | 2015<br>RMB'000<br>(unaudited) | 2014<br>RMB'000<br>(unaudited) |
| NET CASH (USED IN) FROM OPERATING ACTIVITIES            |       | (2,042,466)                    | 409,735                        |
| NET CASH USED IN INVESTING ACTIVITIES                   |       |                                |                                |
| Purchase of property, plant and equipment               |       | (2,157,259)                    | (1,647,219)                    |
| Purchase of intangible assets                           |       | (137,489)                      | (12,242)                       |
| Increase in term deposits                               |       | (451,767)                      | (3,852,918)                    |
| Increase in long term receivables                       |       | (56,729)                       | –                              |
| Increase in investment in interest in an associate      |       | (264,560)                      | (125,000)                      |
| Decrease in restricted cash                             |       | 176,448                        | 32,642                         |
| Proceeds on disposal of property, plant and equipment   |       | 7,151                          | 7,029                          |
| Increase in investment securities                       |       | (782,948)                      | –                              |
| Increase in interest in a joint venture                 |       | (7,000)                        | –                              |
| Acquisition of additional interests in joint operation  | 27    | (90,315)                       | –                              |
|                                                         |       | (3,764,468)                    | (5,597,708)                    |
| NET CASH FROM FINANCING ACTIVITIES                      |       |                                |                                |
| Dividend paid                                           |       | (98,368)                       | (98,368)                       |
| Proceeds from bank borrowings                           |       | 1,863,710                      | 1,910,000                      |
| Proceeds from other borrowings                          |       | 8,824                          | –                              |
| Proceeds from issuance of guaranteed notes              |       | 9,982,500                      | 9,947,500                      |
| Proceeds from issuance of perpetual capital securities  |       | 3,964,000                      | 1,835,747                      |
| Repayments of bank borrowings                           |       | (4,775,596)                    | (4,396,152)                    |
| Repayment of contingent value rights shares             |       | –                              | (1,449,240)                    |
| Repayment of guarantee note                             |       | (5,000,000)                    | –                              |
| Distribution paid to perpetual capital security holders |       | (66,184)                       | –                              |
|                                                         |       | 5,878,886                      | 7,749,487                      |
| Net increase in cash and cash equivalents               |       | 71,952                         | 2,561,514                      |
| CASH AND CASH EQUIVALENTS, AT BEGINNING OF THE PERIOD   |       | 15,041,928                     | 10,922,637                     |
| Effect of foreign exchange rate changes                 |       | (17,148)                       | 222,723                        |
| CASH AND CASH EQUIVALENTS, AT END OF THE PERIOD         |       |                                |                                |
| BY BANK BALANCES AND CASH                               |       | 15,096,732                     | 13,706,874                     |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2015

#### 1. GENERAL

##### **Organization and principal activities**

Yanzhou Coal Mining Company Limited (the “Company”) is established as a joint stock company with limited liability in the People’s Republic of China (the “PRC”). In April 2001, the status of the Company was changed to that of a Sino-foreign joint stock limited company. The Company’s A shares are listed on the Shanghai Stock Exchange (“SSE”), its H shares are listed on The Stock Exchange of Hong Kong (the “SEHK”), and its American Depositary Shares (“ADS”, one ADS represents 10 H shares) are listed on the New York Stock Exchange, Inc. The addresses of the registered office and principal place of business of the Company are disclosed in the General Information to the interim report.

The Company operates eight coal mines, namely the Xinglongzhuang coal mine, Baodian coal mine, Nantun coal mine, Dongtan coal mine, Jining II coal mine (“Jining II”), Jining III coal mine (“Jining III”), Beisu coal mine (“Beisu”) and Yangcun coal mine (“Yangcun”) as well as a regional rail network that links the eight mines with the national rail network. The Company’s parent and ultimate holding company is Yankuang Group Corporation Limited (the “Parent Company”), a state-owned enterprise in the PRC.

##### **Acquisitions and establishment of major subsidiaries**

In 2006, the Company acquired 98% equity interest in Yankuang Shanxi Neng Hua Company Limited (“Shanxi Neng Hua”) and its subsidiaries (collectively referred as the “Shanxi Group”) from the Parent Company at cash consideration of RMB733,346,000. In 2007, the Company further acquired the remaining 2% equity interest in Shanxi Neng Hua from a subsidiary of the Parent Company at cash consideration of RMB14,965,000. The principal activities of Shanxi Group are to invest in heat and electricity, manufacture and sale of mining machinery and engine products, coal mining and the development of integrated coal technology.

Shanxi Neng Hua is an investment holding company, which holds 81.31% equity interest in Shanxi Heshun Tianchi Energy Company Limited (“Shanxi Tianchi”) and approximately 99.85% equity interest in Shanxi Tianhao Chemicals Company Limited (“Shanxi Tianhao”). In 2010, Shanxi Neng Hua acquired approximately 0.04% equity interest of Shanxi Tianhao at cash consideration of RMB14,000. The principal activities of Shanxi Tianchi are to exploit and sale of coal from Tianchi Coal Mine, the principal asset of Shanxi Tianchi. Shanxi Tianchi has completed the construction of Tianchi Coal Mine and commenced production by the end of 2006. Shanxi Tianhao is established to engage in the production of methanol and other chemical products, coke production, exploration and sales. The construction of the methanol facilities by Shanxi Tianhao commenced in March 2006 and it has commenced production in 2008.

In 2004, the Company acquired 95.67% equity interest in Yanmei Heze Company Limited (“Heze”) from the Parent Company at cash consideration of RMB584,008,000. The principal activities of Heze are to exploit and sale of coal in Juye coal field. The equity interests held by the Company increased to 96.67% after the increase of the registered capital of Heze in 2007. The equity interests held by the Company increased to 98.33% after the increase of the registered capital of RMB1.5 billion in 2010.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 1. GENERAL – CONTINUED

#### **Acquisitions and establishment of major subsidiaries – continued**

The Company originally held 97% equity interest in Yanzhou Coal Yulin Power Chemical Co., Ltd. (“Yulin”). The Company acquired the remaining 3% equity interest and made further investment of RMB600,000,000 in Yulin in 2008.

In February 2009, the Company acquired a 74% equity interest in Shandong Hua Ju Energy Company Limited (“Hua Ju Energy”) from the Parent Company at a consideration of RMB593,243,000. Hua Ju Energy is a joint stock limited company established in the PRC with the principal business of the supply of electricity and heat by utilizing coal gangue and coal slurry produced from coal mining process. In July 2009, the Company entered into acquisition agreements with three shareholders of Hua Ju Energy, pursuant to which, the Company agreed to acquire 21.14% equity interest in Hua Ju Energy at a consideration of RMB173,007,000.

In 2009, the Company entered into a binding scheme implementation agreement with Felix Resources Limited (“Felix”), a corporation incorporated in Australia with shares listed on the Australian Securities Exchange (“ASX”), to acquire all the shares of Felix in cash of approximately AUD3,333 million. The principal activities of Felix are exploring and extracting coal resources, operating, identifying, acquiring and developing resource related projects that primarily focus on coal in Australia. This acquisition was completed in 2009. In 2011, Felix Resources Limited was renamed as Yancoal Resources Limited (“Yancoal Resources”).

In 2009, the Company invested RMB500 million to set up a wholly-owned subsidiary located in Inner Mongolia, Yanzhou Coal Ordos Neng Hua Company Limited (“Ordos”). Ordos is a limited liability company incorporated in the PRC with the objectives of production and sale of methanol and other chemical products. In 2011, the Company invested additional equity in the registered capital of Ordos of RMB2.6 billion. The Company also acquired Yiginhuoluo Qi Nalin Tao Hai Town An Yuan Coal Mine (“An Yuan Coal Mine”) at a consideration of RMB1,435,000,000.

In 2010, the Company acquired 100% equity interest of Inner Mongolia Yize Mining Investment Co., Ltd (“Yize”) and other two companies at a consideration of RMB190,095,000. The main purpose of this acquisition is to facilitate the business of methanol and other chemical products in Inner Mongolia Autonomous Region.

In 2011, Ordos acquired 80% equity interest of Inner Mongolia Xintai Coal Mining Company Limited (“Xintai”) at a consideration of RMB2,801,557,000 from an independent third party. Xintai owns and operates Wenyu Coal Mine in Inner Mongolia. The principal activities of Xintai are coal production and coal sales. On September 30, 2014, Ordos acquired remaining 20% of non-controlling interests of Xintai with consideration of RMB680,287,000.

In 2011, the Company acquired 100% equity interests in Syntech Holdings Pty Ltd and Syntech Holdings II Pty Ltd (collectively “Syntech”) at a cash consideration of AUD208,480,000. The principal activities of Syntech include exploration, production, sorting and processing of coal. The acquisition was completed on August 1, 2012.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 1. GENERAL – CONTINUED

#### **Acquisitions and establishment of major subsidiaries – continued**

The Company entered into a sales and purchases agreement on September 27, 2011 to acquire 100% equity interests in both Wesfarmers Premier Coal Limited (“Premier Coal”) and Wesfarmers Char Pty Ltd (“Wesfarmers Char”) at a consideration of AUD313,533,000. The acquisition was completed on December 30, 2011. Premier Coal is mainly engaged in the exploration, production and processing of coal. Wesfarmers Char is mainly engaged in the research and development of the technology and procedures in relation to processing coal char from low rank coals.

In 2011, the Company invested USD2.8 million to set up a wholly-owned subsidiary, Yancoal International (Holding) Co., Limited (“Yancoal International”). Yancoal International was established in Hong Kong to act as a platform for overseas assets and business management. Yancoal International has four subsidiaries, namely Yancoal International Trading Co., Limited, Yancoal International Technology Development Co., Limited, Yancoal International Resources Development Co., Limited and Yancoal Luxembourg Energy Holding Co., Limited (“Yancoal Luxembourg”). Yancoal Luxembourg established a wholly-owned subsidiary, Yancoal Canada Resources Co., Ltd (“Yancoal Canada”) with USD290 million as investment. The Company acquired, at a total consideration of USD260 million, 19 potash mineral exploration permits in the Province of Saskatchewan, Canada through Yancoal Canada. The permit transfer registrations were completed on September 30, 2011.

On December 22, 2011 and March 5, 2012, the Company, Yancoal Australia Limited (“Yancoal Australia”) and Gloucester Coal Limited (“Gloucester”), a corporation incorporated in Australia whose shares are listed on the ASX, entered into the merger proposal deed in respect of a proposal for the merger of Yancoal Australia and Gloucester. Yancoal Australia acquired the entire issued share capital of Gloucester at a consideration of a combination of 218,727,665 ordinary shares of Yancoal Australia and 87,645,184 contingent value rights shares (“CVR shares”). Following the completion of the merger, Yancoal Australia is separately listed on the ASX, replacing the listing position of Gloucester. The merger was completed on June 27, 2012. The ordinary shares and CVR shares of Yancoal Australia was listed on the ASX on June 28, 2012. On June 22, 2012, according to the merger agreement, the equity interest in Syntech and Premier Coal held by Yancoal Australia has been transferred to Yancoal International.

On April 23, 2012, the Company entered into an assets transfer agreement with the Parent Company and its subsidiary to purchase the target assets from the Parent Company and its subsidiary at a consideration of RMB824,142,000 to acquire all the assets and liabilities of Beisu and Yangcun and their equity investments in Zoucheng Yankuang Beisheng Industry & Trading Co., Ltd (“Beisheng Industry and Trade”), Shandong Shengyang Wood Co., Ltd (“Shengyang Wood”) and Jining Jiemei New Wall Materials Co., Ltd (“Jiemei Wall Materials”). Beisu and Yangcun mainly engaged in the production and exploration of PCI coal and thermal coal. The acquisition was completed on May 31, 2012.

In 2012, the Company entered into an agreement for investment in Shandong Coal Trading Centre Co., Limited (“Trading Centre”) with two third parties. The Company contribute RMB51,000,000 which represents 51% of the equity interest in Trading Centre. The principal activities of Trading Centre is to provide coal trading and relevant advisory services. During the current period, Trading Centre has not yet commenced any business.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 1. GENERAL – CONTINUED

#### **Acquisitions and establishment of major subsidiaries – continued**

In 2010, the Company entered into a co-operative agreement with three independent third parties to acquire 51% equity interest of Inner Mongolia Hao Sheng Coal Mining Limited (“Hao Sheng”) and obtained the mining rights of the Shilawusu Coal Field (“the mining right”) in the name of Hao Sheng. From 2011 to 2013, the Company entered into agreements with contract parties to further acquire equity interest in Hao Sheng and increase Hao Sheng’s registered capital. Upon completion of these agreements during the period, the Company owns 74.82% equity interest in Hao Sheng with total consideration of RMB7,136,536,000. In 2014, the Company made additional contribution of RMB224,460,000 to registered capital in proportion to its equity interest. As at June 30, 2015, Hao Sheng has not yet commenced any business.

In 2012, the Company entered into a cooperation agreement with two independent third parties to set up a company, Shandong Yanmei Rizhao Port Coal Storage and Blending Co., Ltd. (“Rizhao”), to act as a coal blending, storage and distribution base in Rizhao Port. Upon completion of registration procedures in 2013, the Company contributed RMB153,000,000, which represents 51% equity interest of Rizhao.

On March 14, 2014, the company entered into a co-operative agreement with Yancoal International to set up Zhongyin Finance Lease Company Limited (“Zhongyin Finance”) in Shanghai Pilot Free Trade Zone, to provide finance lease, lease consultation and guaranteed and commercial insurance service for finance lease business. The registration process is completed in May 20, 2014.

On May 8, 2014, the company invested RMB300,000,000 to set up a wholly-owned subsidiary of Shandong Zhong Yin Logistics Co., Ltd., mainly engaged in the business of sales of coal and procurement of coal mining machinery and equipment parts.

On November 17, 2014, the Company invested RMB100,000,000 to set up a wholly-owned subsidiary of Duanxin Investment Holding (Beijing) Company Limited, mainly engaged in the business of consultancy service of operation management and investment management. As at June 30, 2015, Duanxin Investment Holding (Beijing) Company Limited has not yet commenced any business.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 2. BASIS OF PREPARATION

The condensed interim consolidated financial statements (the interim financial statements) are for the six months ended June 30, 2015 and are presented in Renminbi (“RMB”), which is the functional currency of the parent company. They have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (IAS 34) and with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on the SEHK. They do not include all of the information required in annual financial statements in accordance with IFRSs, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014. The interim financial statements are unaudited.

The interim financial statements have been approved for issue by the Board of Directors on August 28, 2015.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s most recent annual financial statements for the year ended December 31, 2014.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2014, except a number of accounting policies that are adopted by the Company and effective for annual periods beginning on or after January 1, 2015.

In the current period, the Group had applied, for the first time, the new standards and interpretations and revised/amended standards and interpretations (the new “IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB, which are effective for the financial year beginning on January 1, 2015. The new IFRSs relevant to these interim financial statements are as follows:

|                     |                                                     |
|---------------------|-----------------------------------------------------|
| Amendments to IFRSs | <i>Annual Improvements to IFRSs 2010-2012 Cycle</i> |
| Amendments to IFRSs | <i>Annual Improvements to IFRSs 2011-2013 Cycle</i> |

The adoption of the new IFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognized.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 4. SEGMENT INFORMATION

The Group is engaged primarily in the mining business. The Group is also engaged in the coal railway transportation business. The Company does not currently have direct export rights in the PRC and all of its export sales is made through China National Coal Industry Import and Export Corporation (“National Coal Corporation”), Minmetals Trading Co., Ltd. (“Minmetals Trading”) or Shanxi Coal Imp. & Exp. Group Corp. (“Shanxi Coal Corporation”). The exploitation right of the Group’s foreign subsidiaries is not restricted. The final customer destination of the Company’s export sales is determined by the Company, National Coal Corporation, Minmetals Trading or Shanxi Coal Corporation. Certain of the Company’s subsidiaries and associates are engaged in trading and processing of mining machinery and the transportation business via rivers and lakes and financial services in the PRC. No separate segment information about these businesses is presented in these financial statements as the underlying gross sales, results and assets of these businesses, which are currently included in the mining business segment, are insignificant to the Group. Certain of the Company’s subsidiaries are engaged in production of methanol and other chemical products, and invest in heat and electricity.

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

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

Principal activities are as follows:

|                                       |   |                                                                                               |
|---------------------------------------|---|-----------------------------------------------------------------------------------------------|
| Coal mining                           | – | Underground and open-cut mining, preparation and sales of coal and potash mineral exploration |
| Coal railway transportation           | – | Provision of railway transportation services                                                  |
| Methanol, electricity and heat supply | – | Production and sales of methanol and electricity and related heat supply services             |

Segment results represents the results of each segment without allocation of corporate expenses and directors’ emoluments, 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 resource allocation and assessment of segment performance.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 4. SEGMENT INFORMATION – CONTINUED

Segment information about these businesses is presented below:

#### INCOME STATEMENT

|                     | For the six months ended June 30, 2015 |                           |                                             |              |              |
|---------------------|----------------------------------------|---------------------------|---------------------------------------------|--------------|--------------|
|                     | Mining                                 | Coal railway              | Methanol,<br>electricity and<br>heat supply | Eliminations | Consolidated |
|                     | RMB'000                                | transportation<br>RMB'000 | RMB'000                                     | RMB'000      | RMB'000      |
| GROSS REVENUE       |                                        |                           |                                             |              |              |
| External sales      | 16,472,325                             | 156,455                   | 1,515,178                                   | –            | 18,143,958   |
| Inter-segment sales | 107,697                                | 28,967                    | 325,553                                     | (462,217)    | –            |
| Total               | 16,580,022                             | 185,422                   | 1,840,731                                   | (462,217)    | 18,143,958   |

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

#### RESULT

|                                 |           |        |         |   |             |
|---------------------------------|-----------|--------|---------|---|-------------|
| Segment results                 | 1,997,830 | 13,513 | 195,557 | – | 2,206,900   |
| Unallocated corporate expenses  |           |        |         |   | (1,208,229) |
| Unallocated corporate income    |           |        |         |   | 80,374      |
| Share of loss of joint ventures | (77,646)  |        |         |   | (77,646)    |
| Share of profit of associates   | 59,251    |        | 168,378 |   | 227,629     |
| Interest income                 |           |        |         |   | 517,589     |
| Interest expenses               |           |        |         |   | (1,502,540) |
| Profit before income taxes      |           |        |         |   | 244,077     |
| Income taxes                    |           |        |         |   | (242,546)   |
| Profit for the period           |           |        |         |   | 1,531       |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 4. SEGMENT INFORMATION – CONTINUED

#### INCOME STATEMENT

| For the six months ended June 30, 2014 |            |                           |                                             |              |              |
|----------------------------------------|------------|---------------------------|---------------------------------------------|--------------|--------------|
|                                        | Mining     | Coal railway              | Methanol,<br>electricity and<br>heat supply | Eliminations | Consolidated |
|                                        | RMB'000    | transportation<br>RMB'000 | RMB'000                                     | RMB'000      | RMB'000      |
| GROSS REVENUE                          |            |                           |                                             |              |              |
| External sales                         | 30,004,950 | 215,413                   | 713,026                                     | –            | 30,933,389   |
| Inter-segment sales                    | 134,509    | 30,137                    | 326,154                                     | (490,800)    | –            |
| Total                                  | 30,139,459 | 245,550                   | 1,039,180                                   | (490,800)    | 30,933,389   |

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

#### RESULT

|                                 |           |        |        |   |             |
|---------------------------------|-----------|--------|--------|---|-------------|
| Segment results                 | 2,335,208 | 38,732 | 28,928 | – | 2,402,868   |
| Unallocated corporate expenses  |           |        |        |   | (1,174,944) |
| Unallocated corporate income    |           |        |        |   | 90          |
| Share of loss of joint ventures | (188,592) |        |        |   | (188,592)   |
| Share of profit of associates   | 17,503    |        | 81,737 |   | 99,240      |
| Interest income                 |           |        |        |   | 319,190     |
| Interest expenses               |           |        |        |   | (1,120,423) |
| Profit before income taxes      |           |        |        |   | 337,429     |
| Income taxes                    |           |        |        |   | 33,723      |
| Profit for the period           |           |        |        |   | 371,152     |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 5. SALES OF COAL AND TRANSPORTATION COSTS OF COAL

|                                  | For the six months ended June 30, |            |
|----------------------------------|-----------------------------------|------------|
|                                  | 2015                              | 2014       |
|                                  | RMB'000                           | RMB'000    |
| Coal sold in the PRC, gross      | 12,817,883                        | 26,183,450 |
| Less: Transportation costs       | (254,412)                         | (422,780)  |
| Coal sold in the PRC, net        | 12,563,471                        | 25,760,670 |
| Coal sold outside the PRC, gross | 3,654,442                         | 3,821,500  |
| Less: Transportation costs       | (679,738)                         | (748,527)  |
| Coal sold outside the PRC, net   | 2,974,704                         | 3,072,973  |
| Net sales of coal                | 15,538,175                        | 28,833,643 |

Net sales of coal represent the invoiced value of coal sold and is net of returns, discounts and transportation costs if the invoiced value includes transportation costs to the customers.

### 6. COST OF SALES AND SERVICE PROVIDED

|                                                                      | For the six months ended 30 June, |            |
|----------------------------------------------------------------------|-----------------------------------|------------|
|                                                                      | 2015                              | 2014       |
|                                                                      | RMB'000                           | RMB'000    |
| Materials                                                            | 1,038,941                         | 1,524,115  |
| Wages and employee benefits                                          | 2,586,030                         | 3,650,597  |
| Electricity                                                          | 255,308                           | 333,330    |
| Depreciation                                                         | 1,052,495                         | 1,173,790  |
| Land subsidence, restoration, rehabilitation and environmental costs | 788,181                           | 694,091    |
| Environmental protection                                             | 43,115                            | 6,061      |
| Amortization of mining rights                                        | 394,669                           | 579,551    |
| Other transportation cost                                            | 4,258                             | 7,358      |
| Costs of traded coal                                                 | 5,651,060                         | 15,548,891 |
| Business tax and surcharges                                          | 372,719                           | 271,027    |
| Others                                                               | 677,767                           | 1,144,380  |
|                                                                      | 12,864,543                        | 24,933,191 |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 7. OTHER INCOME

|                                                           | For the six months ended 30 June, |                 |
|-----------------------------------------------------------|-----------------------------------|-----------------|
|                                                           | 2015<br>RMB'000                   | 2014<br>RMB'000 |
| Interest income                                           | 517,589                           | 319,190         |
| Government grants                                         | 190,988                           | 98,036          |
| Exchange gain, net                                        | 80,314                            | 56,381          |
| Gain on change in fair value of investments in securities | 246,210                           | –               |
| Others                                                    | 184,099                           | 305,498         |
|                                                           | <b>1,219,200</b>                  | <b>779,105</b>  |

### 8. INTEREST EXPENSES

|                                                                   | For the six months ended June 30, |                  |
|-------------------------------------------------------------------|-----------------------------------|------------------|
|                                                                   | 2015<br>RMB'000                   | 2014<br>RMB'000  |
| Interest expenses on:                                             |                                   |                  |
| – borrowings wholly repayable within 5 years                      | 1,122,376                         | 1,008,137        |
| – borrowings not wholly repayable within 5 years                  | 390,120                           | 324,419          |
| – bills receivable discounted without recourse                    | 5,649                             | –                |
|                                                                   | <b>1,518,145</b>                  | <b>1,332,556</b> |
| Less: interest expenses capitalized into construction in progress | (15,605)                          | (212,133)        |
|                                                                   | <b>1,502,540</b>                  | <b>1,120,423</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 9. PROFIT BEFORE INCOME TAXES

|                                                                            | For the six months ended June 30, |           |
|----------------------------------------------------------------------------|-----------------------------------|-----------|
|                                                                            | 2015                              | 2014      |
|                                                                            | RMB'000                           | RMB'000   |
| Profit before income taxes has been arrived at after (crediting) charging: |                                   |           |
| Depreciation of property, plant and equipment                              | 1,720,231                         | 1,591,314 |
| Amortization of intangible assets                                          |                                   |           |
| – Included in cost of sales and service provided                           | 394,669                           | 579,551   |
| – Included in selling, general and administrative expenses                 | 11,344                            | 6,441     |
| Total depreciation and amortization                                        | 2,126,244                         | 2,177,306 |
| Release of prepaid lease payments                                          | 9,572                             | 9,387     |
| Loss (Gain) on disposal of property, plant and equipment                   | 11,074                            | (2,546)   |
| Impairment loss recognised in respect of inventories                       | 137,060                           | 113,657   |
| Exchange gain, net                                                         | (80,314)                          | (56,381)  |
| Provision of impairment loss on accounts receivable and other receivables  | 31,829                            | 17,019    |

### 10. INCOME TAXES

|                           | For the six months ended June 30, |           |
|---------------------------|-----------------------------------|-----------|
|                           | 2015                              | 2014      |
|                           | RMB'000                           | RMB'000   |
| Income tax:               |                                   |           |
| Current taxes             | 180,279                           | 257,595   |
| Deferred taxes (note 22): | 62,267                            | (291,318) |
|                           | 242,546                           | (33,723)  |

The Company and its subsidiaries incorporated in the PRC are subject to an income tax rate of 25% and subsidiaries established in Australia are subject to a tax rate of 30%.

Note: The Australian Minerals Resources Rent Tax ("MRRT") legislation was enacted on 19 March 2012 and effective from 1 July 2012. According to the relevant provisions of the MRRT tax laws, subsidiaries in Australia are required to determine the starting base allowance on the balance sheet. Book value or market value approach can be selected in calculating the starting base and subsequently amortize within the prescribed useful life. Market value approach was selected for mines in Australia. Under the market value approach, base value is determined based on market value of the coal mines on 1 May 2010 and amortize based on the shorter of the life of mining project, mining rights and mining production. During 2013, the Australian Government released an exposure draft legislation which proposed to repeal the MRRT legislation. On 5 September 2014, the Minerals Resource Rent Tax Repeal and Other Measures Act 2014 received royal assent. Entities would not be required to pay MRRT commencing on 1 October 2014, accordingly, the current and deferred MRRT assets and liabilities have been derecognised in 2014.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 11. DIVIDENDS

|                                                            | For the six months ended June 30, |         |
|------------------------------------------------------------|-----------------------------------|---------|
|                                                            | 2015                              | 2014    |
|                                                            | RMB'000                           | RMB'000 |
| Final dividend approved, RMB0.02 per share (2014: RMB0.02) | 98,368                            | 98,368  |

Pursuant to the annual general meeting held on May 22, 2015, a final dividend in respect of the year ended December 31, 2014 was approved.

### 12. (LOSS)/EARNINGS PER SHARE AND PER ADS

The calculation of the loss/earnings per share attributable to equity holders of the Company for the six months ended June 30, 2015 and June 30, 2014 is based on the loss and profit for the period of RMB50,626,000 and RMB587,235,000 and on 4,918,400,000 shares in issue during both periods.

The earnings per ADS have been calculated based on the profit for the relevant periods and on one ADS, being equivalent to 10 H shares.

On 31 December 2014, the Company's subsidiary issued subordinated capital notes. Noteholders will be permitted to convert the subordinated capital notes into 1,000 Yancoal Australia Limited ordinary shares.

Diluted loss per share for the six months ended June 30, 2015 is the same as the basic loss per share as there is no dilutive effect of potential ordinary shares outstanding.

No diluted earnings per share have been presented for the period ended June 30, 2014, as there were no dilutive potential shares in issue.

### 13. RESTRICTED CASH/TERM DEPOSITS

At the balance sheet date, the restricted cash of PRC portion mainly represents the deposits paid for safety work as required by the State Administrative of work safety. Term deposits was pledged to certain banks as security for loans and banking facilities granted to the Group.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 14. BILLS AND ACCOUNTS RECEIVABLE

|                                          | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|------------------------------------------|--------------------------------|------------------------------------|
| Accounts receivable                      | 2,449,312                      | 2,029,449                          |
| Less: Impairment loss                    | (44,863)                       | (13,697)                           |
|                                          | 2,404,449                      | 2,015,752                          |
| Total bills receivable                   | 4,154,529                      | 5,068,353                          |
| Total bills and accounts receivable, net | 6,558,978                      | 7,084,105                          |

Bills receivable represent unconditional orders in writing issued by or negotiated with customers of the Group for completed sale orders which entitle the Group to collect a sum of money from banks or other parties.

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

The following is an aged analysis of bills and accounts receivable based on the invoice dates at the balance sheet date:

|              | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|--------------|--------------------------------|------------------------------------|
| 1-90 days    | 3,795,703                      | 6,625,097                          |
| 91-180 days  | 1,887,846                      | 187,440                            |
| 181-365 days | 470,908                        | 259,850                            |
| Over 1 year  | 404,521                        | 11,718                             |
|              | 6,558,978                      | 7,084,105                          |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 15. PREPAYMENTS AND OTHER RECEIVABLES

|                                         | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|-----------------------------------------|--------------------------------|------------------------------------|
| Advances to suppliers                   | 3,172,183                      | 2,009,055                          |
| Prepaid relocation costs of inhabitants | 2,102,117                      | 2,102,117                          |
| Advance to an associate                 | 1,250,000                      | 1,250,000                          |
| Others                                  | 2,718,654                      | 1,858,079                          |
|                                         | <b>9,242,954</b>               | <b>7,219,251</b>                   |

### 16. INTANGIBLE ASSETS

|                                                    | Coal<br>reserves<br>RMB'000 | Coal<br>resources<br>RMB'000 | Potash<br>mineral<br>exploration<br>permit<br>RMB'000 | Technology<br>RMB'000 | Water<br>licenses<br>RMB'000 | Others<br>RMB'000 | Total<br>RMB'000 |
|----------------------------------------------------|-----------------------------|------------------------------|-------------------------------------------------------|-----------------------|------------------------------|-------------------|------------------|
| <b>Cost</b>                                        |                             |                              |                                                       |                       |                              |                   |                  |
| At January 1, 2015                                 | 36,962,052                  | 4,204,067                    | 1,357,984                                             | 226,417               | 130,585                      | 115,670           | 42,996,775       |
| Exchange re-alignment                              | (1,074,724)                 | (274,235)                    | (85,448)                                              | (7,953)               | (382)                        | (6,963)           | (1,449,705)      |
| Additions for the period                           | 121,750                     | 13,767                       | –                                                     | –                     | –                            | 1,972             | 137,489          |
| At June 30, 2015                                   | 36,009,078                  | 3,943,599                    | 1,272,536                                             | 218,464               | 130,203                      | 110,679           | 41,684,559       |
| <b>Accumulated amortization<br/>and impairment</b> |                             |                              |                                                       |                       |                              |                   |                  |
| At January 1, 2015                                 | 5,539,920                   | 125,436                      | –                                                     | –                     | 181                          | 43,689            | 5,709,226        |
| Exchange re-alignment                              | (190,970)                   | (7,953)                      | –                                                     | –                     | (278)                        | (2,291)           | (201,492)        |
| Provided for the period                            | 394,669                     | –                            | –                                                     | 2,525                 | 2,315                        | 6,504             | 406,013          |
| At June 30, 2015                                   | 5,743,619                   | 117,483                      | –                                                     | 2,525                 | 2,218                        | 47,902            | 5,913,747        |
| <b>Carrying values</b>                             |                             |                              |                                                       |                       |                              |                   |                  |
| At June 30, 2015                                   | 30,265,459                  | 3,826,116                    | 1,272,536                                             | 215,939               | 127,985                      | 62,777            | 35,770,812       |
| At December 31, 2014                               | 31,422,132                  | 4,078,631                    | 1,357,984                                             | 226,417               | 130,404                      | 71,981            | 37,287,549       |

At June 30, 2015, intangible assets with a carrying amount of approximately RMB10,044,846,000 (December 31, 2014: RMB13,045,169,000) have been pledged to secure the Group borrowings (note 21).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 17. PROPERTY, PLANT AND EQUIPMENT

|                                     | Freehold<br>land<br>in Australia<br>RMB'000 | Buildings<br>RMB'000 | Railway<br>structures<br>RMB'000 | Mining<br>structures<br>RMB'000 | Plant,<br>machinery and<br>equipment<br>RMB'000 | Tran-<br>sportation<br>equipment<br>RMB'000 | Construction<br>in progress<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------|---------------------------------------------|----------------------|----------------------------------|---------------------------------|-------------------------------------------------|---------------------------------------------|----------------------------------------|------------------|
| <b>Cost</b>                         |                                             |                      |                                  |                                 |                                                 |                                             |                                        |                  |
| At January 1, 2015                  | 1,132,661                                   | 5,078,345            | 3,232,703                        | 9,822,570                       | 30,308,887                                      | 729,710                                     | 14,122,774                             | 64,427,650       |
| Exchange re-alignment               | (71,822)                                    | (31,759)             | –                                | (239,434)                       | (605,609)                                       | –                                           | (91,193)                               | (1,039,817)      |
| Additions for the period            | 1,865                                       | 1,522                | –                                | 193,702                         | 395,349                                         | 211                                         | 1,810,447                              | 2,403,096        |
| Reclassification                    | –                                           | (1,408,417)          | 1,457,480                        | –                               | (2,648,851)                                     | 2,599,788                                   | –                                      | –                |
| Transfer                            | –                                           | 2,537                | –                                | 226,828                         | 382,829                                         | 103                                         | (612,297)                              | –                |
| Written off                         | –                                           | –                    | –                                | –                               | –                                               | (556)                                       | –                                      | (556)            |
| Disposals for the period            | (1,506)                                     | (3,837)              | –                                | (9,903)                         | (51,108)                                        | (6,570)                                     | –                                      | (72,924)         |
| At June 30, 2015                    | 1,061,198                                   | 3,638,391            | 4,690,183                        | 9,993,763                       | 27,781,497                                      | 3,322,686                                   | 15,229,731                             | 65,717,449       |
| <b>Accumulated<br/>depreciation</b> |                                             |                      |                                  |                                 |                                                 |                                             |                                        |                  |
| At January 1, 2015                  | –                                           | 2,272,152            | 1,347,200                        | 3,551,900                       | 12,630,954                                      | 450,832                                     | –                                      | 20,253,038       |
| Exchange re-alignment               | –                                           | (7,512)              | –                                | (65,557)                        | (206,967)                                       | –                                           | –                                      | (280,036)        |
| Reclassification                    | –                                           | (1,073,257)          | 937,197                          | –                               | (1,413,148)                                     | 1,549,208                                   | –                                      | –                |
| Provided for the period             | –                                           | 82,105               | 104,707                          | 278,585                         | 1,147,370                                       | 107,464                                     | –                                      | 1,720,231        |
| Eliminated on disposals             | –                                           | (1,853)              | –                                | (9,903)                         | (37,051)                                        | (6,448)                                     | –                                      | (55,255)         |
| At June 30, 2015                    | –                                           | 1,271,635            | 2,389,104                        | 3,755,025                       | 12,121,158                                      | 2,101,056                                   | –                                      | 21,637,978       |
| <b>Carrying values</b>              |                                             |                      |                                  |                                 |                                                 |                                             |                                        |                  |
| At June 30, 2015                    | 1,061,198                                   | 2,366,756            | 2,301,079                        | 6,238,738                       | 15,660,339                                      | 1,221,630                                   | 15,229,731                             | 44,079,471       |
| At December 31, 2014                | 1,132,661                                   | 2,806,193            | 1,885,503                        | 6,270,670                       | 17,677,933                                      | 278,878                                     | 14,122,774                             | 44,174,612       |

At June 30, 2015, property, plant and equipment with a carrying amount of approximately RMB1,319,956,000 (December 31, 2014: RMB3,134,300,000) have been pledged to secure bank borrowings of the Group (note 21).

At June 30, 2015, the carrying amount of property, plant and equipment held under finance leases of the group was RMB203,962,000 (December 31, 2014: RMB227,391,000).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 18. INVESTMENTS IN SECURITIES

The investment in securities represents security investments:

|                                                           | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|-----------------------------------------------------------|--------------------------------|------------------------------------|
| <b>Available-For-Sale Equity Investments</b>              |                                |                                    |
| Investment in equity securities listed on the SSE         |                                |                                    |
| – Stated at fair value through other comprehensive income | 382,350                        | 249,404                            |
| Unlisted equity securities                                |                                |                                    |
| Investment in equity securities listed on the NEEQ        |                                |                                    |
| – Stated at fair value through profit and loss            | 1,029,158                      | –                                  |
| Other unlisted equity securities                          | 139,348                        | 139,360                            |
|                                                           | <b>1,550,856</b>               | <b>388,764</b>                     |

The investments in equity securities listed on the Shanghai Stock Exchange (“SSE”) and National Equities Exchange and Quotations System (“NEEQ”) are carried at fair value determined according to the quoted market prices in active market.

The unlisted securities are stated at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

During the period, the Company invested equity securities listed on the NEEQ, which are stated at fair value through profit and loss, subject to a 5-year lock-up period.

### 19. BILLS AND ACCOUNTS PAYABLE

|                  | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|------------------|--------------------------------|------------------------------------|
| Accounts payable | 2,324,810                      | 1,969,617                          |
| Bills payable    | 615,751                        | 2,067,587                          |
|                  | <b>2,940,561</b>               | <b>4,037,204</b>                   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 19. BILLS AND ACCOUNTS PAYABLE – CONTINUED

The following is an aged analysis of bills and accounts payable based on the invoice dates at the balance sheet date:

|              | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|--------------|--------------------------------|------------------------------------|
| 1-90 days    | 2,277,929                      | 1,979,699                          |
| 91-180 days  | 353,647                        | 1,815,913                          |
| 181-365 days | 175,501                        | 103,260                            |
| Over 1 year  | 133,484                        | 138,332                            |
|              | <b>2,940,561</b>               | <b>4,037,204</b>                   |

The average credit period for account payable and bill payable is 90 days, the Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

### 20. PROVISION FOR LAND SUBSIDENCE, RESTORATION, REHABILITATION AND ENVIRONMENTAL COSTS

|                                    | At June 30, 2015<br>RMB'000 |
|------------------------------------|-----------------------------|
| At the beginning of period         | 3,430,007                   |
| Exchange re-alignment              | (40,259)                    |
| Additional provision in the period | 181,405                     |
| Unwinding of discount              | 5,307                       |
| Utilization of provision           | (4,899)                     |
| At the end of period               | <b>3,571,561</b>            |
| Presented as:                      |                             |
| Current portion                    | 2,894,563                   |
| Non-current portion                | 676,998                     |
|                                    | <b>3,571,561</b>            |

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

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 21. BORROWINGS

|                                    | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|------------------------------------|--------------------------------|------------------------------------|
| <b>Current liabilities</b>         |                                |                                    |
| Bank borrowings                    |                                |                                    |
| – Unsecured borrowings (i)         | 4,327,904                      | 5,597,568                          |
| – Secured borrowings (ii)          | 2,403,665                      | 233,953                            |
| Finance lease liabilities (iv)     | 41,296                         | 40,585                             |
| Guaranteed note (v)                | 9,986,667                      | 4,999,583                          |
|                                    | <b>16,759,532</b>              | <b>10,871,689</b>                  |
| <b>Non-current liabilities</b>     |                                |                                    |
| Bank borrowings                    |                                |                                    |
| – Unsecured borrowings (i)         | 5,559,256                      | 7,828,178                          |
| – Secured borrowings (ii)          | 23,191,516                     | 24,731,562                         |
| Loans pledged by machineries (iii) | 1,800,000                      | 1,800,000                          |
| Finance lease liabilities (iv)     | 133,330                        | 166,051                            |
| Guaranteed notes (v)               | 16,040,966                     | 16,040,608                         |
|                                    | <b>46,725,068</b>              | <b>50,566,399</b>                  |
| Total borrowings                   | <b>63,484,600</b>              | <b>61,438,088</b>                  |

(i) Unsecured borrowings are repayable as follows:

|                                                   | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|---------------------------------------------------|--------------------------------|------------------------------------|
| Within one year                                   | 4,327,904                      | 5,597,568                          |
| More than one year, but not exceeding two years   | 2,479,572                      | 5,035,222                          |
| More than two years, but not more than five years | 3,069,684                      | 2,782,956                          |
| More than five years                              | 10,000                         | 10,000                             |
| Total                                             | <b>9,887,160</b>               | <b>13,425,746</b>                  |

At June 30, 2015, short-term borrowings are amounting to RMB1,527,040,000 (December 31, 2014: RMB2,827,850,000). One of the short-term borrowings, amounting to RMB917,040,000 (USD150,000,000) (December 31, 2014: RMB917,850,000 (USD150,000,000)), denominated in foreign currency with interest rates at three-months LIBOR plus a margin of 2.75%, approximately 3.08% per annum (December 31, 2014: three-months LIBOR plus a margin of 2.75%, approximately 3.12% per annum). The remaining short-term borrowings carried interest at 5.40%-5.69% per annum (December 31, 2014: 5.10%-6.00% per annum).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 21. BORROWINGS – CONTINUED

(i) **Unsecured borrowings are repayable as follows: – continued**

The short-term borrowings of Yancoal International amounting to RMB947,623,000 (USD155,000,000) (December 31, 2014: RMB948,572,000 (USD155,000,000)) carried interest at three-month LIBOR plus a margin of 3.25% (December 31, 2014: interest at three-month LIBOR plus a margin of 3.25%).

Long-term borrowings are amounting to RMB6,497,684,000 (December 31, 2014: RMB8,727,592,000) with RMB1,841,014,000 (December 31, 2014: RMB1,821,146,000) payable within one year. Long-term borrowing of RMB3,740,084,000 (December 31, 2014: RMB4,145,798,000) carried interest at a range from 5.54%-6.40% per annum (December 31, 2014: at a range from 5.54%-6.40% per annum). The other part of long-term borrowings, amounting to RMB2,757,600,000 (December 31, 2014: RMB2,760,648,000) carried interest at three-months LIBOR plus a margin of 1.20%-2.40% (December 31, 2014: three-months LIBOR plus a margin of 1.20%-3.45%). The loan of Heze Neng Hua amounting to RMB10,000,000 (December 31, 2014: RMB10,000,000) carried interest at the lending rate published by the People's of Bank China ("PBOC"), approximately 5.40% (December 31, 2014: approximately 6.15%). Long-term borrowings are guaranteed by the Parent Company.

The long-term borrowing of Zhongyin Finance, which is denominated in foreign currency, is amounting to RMB904,813,000 (USD148,000,000) (December 31, 2014: RMB911,731,000) with RMB12,227,000 (USD2,000,000) payable within one year. The loan term is 36 months and carried interest at three-month LIBOR plus a margin of 2.60% (December 31, 2014: three-month LIBOR plus a margin of 2.60%).

(ii) **Secured borrowings are repayable as follows:**

|                                                   | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|---------------------------------------------------|--------------------------------|------------------------------------|
| Within one year                                   | 2,403,665                      | 233,953                            |
| More than one year, but not exceeding two years   | 5,198,398                      | 5,736,318                          |
| More than two years, but not more than five years | 3,903,667                      | 3,090,294                          |
| More than five years                              | 14,089,451                     | 15,904,950                         |
| Total                                             | 25,595,181                     | 24,965,515                         |

At June 30, 2015, secured borrowings of Yancoal Australia is amounting to RMB17,042,725,000. One of the secured borrowings obtained by the Group for the purpose of settling the consideration in respect of acquisition of Yancoal Resources amounting to RMB16,765,732,000 (USD2,740,000,000) (December 31, 2014: RMB16,761,370,000 (USD2,740,000,000)). Such borrowings carried interest at three-month LIBOR plus a margin of 2.8% per annum, approximately 3.07% per annum (December 31, 2014: three-month LIBOR plus a margin of 2.8% per annum, approximately 3.04% per annum).

### 21. BORROWINGS – CONTINUED

**(ii) Secured borrowings are repayable as follows: – continued**

Part of the borrowings arose from the acquisition of Gloucester amounting to RMB42,028,000 (USD6,869,000) (December 31, 2014: RMB64,347,000 (USD10,519,000)) carried interest at 5.68% (December 31, 2014: 5.68% per annum). It is pledged by bank deposit (note 13), intangible assets (note 16), and property, plant and equipment (note 17) and other assets in Yancoal Resources.

During the period, one additional short term secured borrowings, which amounted to RMB234,965,000 (AUD50,000,000) was obtained by Yancoal Australia. It was carried interest at BBSY rate plus 2.70% per annum, approximately 4.79% per annum and guaranteed by the Company.

At June 30, 2015, secured borrowings of the Company is amounting to RMB1,811,360,000 (December 31, 2014: RMB1,400,000,000). During the period, two additional secured borrowings which amounted to RMB611,360,000 (USD100,000,000) were obtained by the Company. Such borrowings were denominated in foreign currency with interest rate at six-month LIBOR plus a margin of 3.20%, approximately 3.61%. It was pledged by bank acceptances of the Company.

The remaining secured borrowings of RMB1,200,000,000 (December 31, 2014: RMB1,400,000,000), with RMB300,000,000 (December 31, 2014: RMB200,000,000) payable in one year, is carried interest rate 6.98% per annum (December 31, 2014: 7.04% per annum). The interest rate will be adjusted at each payment days in accordance with the benchmark of 5 years lending rate published by the PBOC plus 10%. It is guaranteed by the Company and; counter-guaranteed by the Parent Company and secured by 46.67% ordinary shares of Heze Neng Hua.

At June 30, 2015, secured borrowings of Yancoal International is amounting to RMB6,725,069,000 (USD1,100,000,000) (December 31, 2014: RMB6,731,799,000 (USD1,100,000,000)), with RMB1,834,110,000 (USD300,000,000) payable in one year. It was carried interest rate at three-month LIBOR plus a margin of ranged 1.55%-3.00%. It is guaranteed by the Parent Company and its stand by letter of credits.

Premier Coal Limited and Premier Holdings Pty., Ltd., the subsidiaries of the Company, signed a loan agreement with their client Synergy which carried with interest rate of 8.7% on October 2014. Synergy agrees to loan to Premier a portion of the Contract Price for every tonne of coal supplied by Premier to Synergy under the coal supply agreement during the loan period. It is secure by total assets of Premier Coal Limited including its interest in the Coal Mine. At June 30, 2015, the balance of the loan is RMB16,027,000 (AUD3,410,000) (December 31, 2014: RMB7,999,000 (AUD1,594,000)).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 21. BORROWINGS – CONTINUED

**(ii) Secured borrowings are repayable as follows: – continued**

In November 2013, the Company's subsidiary, Yancoal Australia, obtained two amendments to the loan agreement on future compliance for debt covenants in respect of certain bank borrowings amounting to RMB15,111 million (USD2,490 million) and RMB303.4 million (USD50 million), respectively, as of December 31, 2013. The amendments were obtained without any consideration paid to the lenders. The relevant covenants of the two borrowings are identical and are required to be tested half-yearly, with an initial test date of December 31, 2013. The amendments obtained deferred the initial test date of the financial covenants to June 30, 2014 and reduced the interest cover ratio, and for the consolidated net worth covenant, to December 31, 2014.

In March, 2014, further amendments were obtained to defer the initial test date of the meeting minimum interest cover ratio requirements to June 30, 2015 and reduced the required minimum interest cover ratio. In October 2014, further amendments were obtained to defer the initial test date of the meeting minimum interest cover ratio to June 30, 2016.

The original covenants required Yancoal Australia to maintain the following as of and/or for the year ended December 31, 2013: (i) a gearing ratio not exceeding 0.9, (ii) interest cover ratio of not less than 1.5 and (iii) consolidated net worth not less than AUD2,000,000,000. Yancoal Australia believed that it could not meet the above debt covenants and requested amendments in November 2013 and October 2014, respectively.

Under the amendments received from the lenders, the covenants have been revised as follows:

- The gearing ratio of Yancoal Australia will not exceed 0.9 on June 30, 2014 and 0.8 thereafter;
- The interest coverage ratio of Yancoal Australia will not be less than 1.15 for the 12 month period ending on each test date on and from 30 June 2016; and
- The consolidated net worth of Yancoal Australia is not less than AUD1,600,000,000 on each test date on and after December 31, 2014.

The financial position of Yancoal Australia as of and for the period ended June 30, 2015 did not meet the above debt covenants requirements if required. The actual covenants calculations as of and for the period ended June 30, 2015 as calculated from the unaudited financial statements of Yancoal Australia, which are prepared in accordance with the Australian Accounting Standards and also complied with IFRS, would have been: (i) a gearing ratio of 0.65 (December 31, 2014: 0.59); (ii) interest cover ratio of 0.33 (December 31, 2014: 0.74); and (iii) consolidated net worth of AUD2,166,088,000 (December 31, 2014: AUD2,487,188,000).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 21. BORROWINGS – CONTINUED

(iii) Loans pledged by machineries are repayable as follows:

|                                                                          | At June 30,<br>2015<br>RMB'000          | At December 31,<br>2014<br>RMB'000          |
|--------------------------------------------------------------------------|-----------------------------------------|---------------------------------------------|
| <b>Minimum payments</b>                                                  |                                         |                                             |
| Within one year                                                          | 121,805                                 | 121,472                                     |
| More than one year, but not exceeding two years                          | 121,805                                 | 121,472                                     |
| More than two years, but not more than five years                        | 1,944,953                               | 2,006,188                                   |
|                                                                          | <b>2,188,563</b>                        | 2,249,132                                   |
| Less: Future finance charges                                             | (388,563)                               | (449,132)                                   |
| Present value of payments                                                | <b>1,800,000</b>                        | 1,800,000                                   |
|                                                                          | <b>At June 30,<br/>2015<br/>RMB'000</b> | <b>At December 31,<br/>2014<br/>RMB'000</b> |
| <b>Present value of minimum payments</b>                                 |                                         |                                             |
| Within one year                                                          | –                                       | –                                           |
| More than one year, but not exceeding two years                          | 200,000                                 | –                                           |
| More than two years, but not more than five years                        | 1,600,000                               | 1,800,000                                   |
|                                                                          | <b>1,800,000</b>                        | 1,800,000                                   |
| Less: amounts due within one year and<br>included in current liabilities | –                                       | –                                           |
| Amounts due after one year and included<br>in non-current liabilities    | <b>1,800,000</b>                        | 1,800,000                                   |

At June 30, 2015, a loan of RMB1,800,000,000 (December 31, 2014: RMB1,800,000,000) carried interest at lending rate of 3-5 years loan published by the PBOC plus a margin of 4%, approximately 9.25% per annum (December 31, 2014: approximately 10%) and is pledged by machineries of the Group.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 21. BORROWINGS – CONTINUED

(iv) Finance lease liabilities are repayable as follows:

|                                                                          | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|--------------------------------------------------------------------------|--------------------------------|------------------------------------|
| <b>Minimum payments</b>                                                  |                                |                                    |
| Within one year                                                          | 50,900                         | 54,268                             |
| More than one year, but not exceeding two years                          | 51,052                         | 54,425                             |
| More than two years, but not more than five years                        | 95,800                         | 129,560                            |
|                                                                          | 197,752                        | 238,253                            |
| Less: Future finance charges                                             | (23,126)                       | (31,617)                           |
| Present value of payments                                                | 174,626                        | 206,636                            |
|                                                                          |                                |                                    |
|                                                                          | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
| <b>Present value of minimum payments</b>                                 |                                |                                    |
| Within one year                                                          | 41,296                         | 40,585                             |
| More than one year, but not exceeding two years                          | 42,555                         | 53,052                             |
| More than two years, but not more than five years                        | 90,775                         | 112,999                            |
|                                                                          | 174,626                        | 206,636                            |
| Less: amounts due within one year and<br>included in current liabilities | (41,296)                       | (40,585)                           |
| Amounts due after one year and included<br>in non-current liabilities    | 133,330                        | 166,051                            |

Finance lease liabilities of RMB174,626,000 (AUD37,160,000) (December 31, 2014: RMB206,636,000 (AUD41,184,000)) was obtained from the acquisition of Gloucester in 2012, which carried interest at 5.09% per annum (December 31, 2014: 5.16% per annum).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 21. BORROWINGS – CONTINUED

(v) Guaranteed notes are detailed as follows:

|                                        | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|----------------------------------------|--------------------------------|------------------------------------|
| Guaranteed notes denominated in:       |                                |                                    |
| RMB repayable within one year          | 9,986,667                      | 4,999,583                          |
| USD repayable within two to five years | 2,751,165                      | 2,753,918                          |
| RMB repayable within two to five years | 2,931,900                      | 2,928,950                          |
| USD repayable after five years         | 3,362,534                      | 3,365,899                          |
| RMB repayable after five years         | 6,995,367                      | 6,991,841                          |
|                                        | <b>26,027,633</b>              | <b>21,040,191</b>                  |

The above USD guaranteed notes were issued by a subsidiary of the Company on May 16, 2012. Guaranteed notes with par value of USD450,000,000 and USD550,000,000 will mature in 2017 and 2022 and with interest rate of 4.461% and 5.730% per annum respectively. At June 30, 2015, the notes are amounting to RMB6,113,699,000 (December 31, 2014: RMB6,119,817,000). The notes are unconditionally secured by the Company and the respective security is non-cancellable. The notes have been issued and sold in Hong Kong Exchange and Clearing Limited to institutional investors. For the period ended June 30, 2015, there was no redemption on the notes.

In 2012, with the approval from China Securities Regulatory Commission, the Company is allowed to issue RMB notes in the PRC, RMB notes with par value of RMB300,167,000 and RMB4,699,833,000 was issued to the public and institutional investors respectively. An unconditional and irrecoverable corporate guarantee was provided by the Parent Company on the RMB notes. At June 30, 2015, RMB notes of RMB4,968,000,000 (December 31, 2014: RMB4,965,000,000) included notes of RMB3,971,800,000 (December 31, 2014: RMB3,969,800,000) with a maturity period of ten years and interest rate of 4.95% per annum and notes of RMB996,200,000 (December 31, 2014: RMB995,200,000) with a maturity period of five years and interest rate of 4.20% per annum. For the period ended June 30, 2015, there was no redemption on the notes.

In 2014, with the approval from China Securities Regulatory Commission, the Company is allowed to issue RMB notes in the PRC at interest rate of 5.92% per annum with maturity period of 5 years and 6.15% per annum with maturity period of 10 years, with par value amounting to RMB1,950,000,000 and RMB3,050,000,000 respectively. The issuance amount of the notes were RMB1,930,500,000 and RMB3,019,500,000 respectively. At June 30, 2015, RMB notes of RMB4,959,267,000 included notes of RMB1,935,700,000 (December 31, 2014: RMB1,933,750,000) with maturity period of 5 years and RMB3,023,567,000 (December 31, 2014: RMB3,022,041,000) with maturity period of 10 years respectively. For the period ended June 30, 2015, there was no redemption on the notes.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 21. BORROWINGS – CONTINUED

**(v) Guaranteed notes are detailed as follows: – continued**

In 2014, with the approval from China Securities Regulatory Commission, the Company is allowed to issue RMB notes in the PRC with par value of RMB5,000,000,000. Such RMB notes were fully repaid during the period (December 31, 2014: RMB4,999,583,000).

In 2013, with the approval from the National Association of Financial Market Institutional Investors, the Company was allowed to issue RMB short-term notes in the PRC. During the period, the Company has completed the issuance of the 2015 first tranche of short-term notes with par value of RMB5,000,000,000 which had a maturity period of 1 year and interest rate of 5.19% per annum. At June 30, 2015, the short-term notes amounted to RMB4,993,333,000. For the period ended June 30, 2015, there was no redemption on the short-term note.

During the period, with the approval from the National Association of Financial Market Institutional Investors, the Company was allowed to issue RMB super-short-term notes with an aggregate amount of RMB20,000,000,000 in the PRC. During the period, the Company issued two super-short-term notes with an aggregate amount of RMB5,000,000,000. Both super-short-term notes had a maturity period of 270 days and interest rate of 4.20% per annum. At June 30, 2015, those super-short-term notes amounted to RMB4,993,334,000. For the period ended June 30, 2015, there was no redemption on the super-short-term notes.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 22. DEFERRED TAXATION

|                                                                   | Available-<br>for-sale<br>investment<br>RMB'000 | Accelerated<br>tax<br>depreciation<br>RMB'000 | Fair value<br>adjustment<br>on mining<br>rights (coal<br>reserves)<br>RMB'000 | Temporary<br>differences on<br>income and<br>expenses<br>recognized<br>RMB'000 | Tax losses<br>RMB'000 | Cash flow<br>hedge<br>reserve<br>RMB'000 | Total<br>RMB'000 |
|-------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------|-----------------------|------------------------------------------|------------------|
| Balance at January 1, 2014                                        | (23,455)                                        | (522,019)                                     | (5,423,638)                                                                   | 895,770                                                                        | 2,365,673             | 346,310                                  | (2,361,359)      |
| Exchange re-alignment                                             | –                                               | 6,481                                         | 237,010                                                                       | (104,443)                                                                      | (284,403)             | (71,300)                                 | (216,655)        |
| (Charge) credit redit to other<br>comprehensive income            | (19,137)                                        | –                                             | –                                                                             | –                                                                              | –                     | 394,986                                  | 375,849          |
| Credit (charge) to the consolidated<br>income statement           | –                                               | 350,234                                       | (110,570)                                                                     | (12,019)                                                                       | 99,715                | –                                        | 327,360          |
| At December 31, 2014 and<br>January 1, 2015                       | (42,592)                                        | (165,304)                                     | (5,297,198)                                                                   | 779,308                                                                        | 2,180,985             | 669,996                                  | (1,874,805)      |
| Exchange re-alignment                                             | –                                               | 9,267                                         | 164,673                                                                       | 10,742                                                                         | (198,095)             | (68,897)                                 | (82,310)         |
| Charge to other comprehensive income                              | (33,237)                                        | –                                             | –                                                                             | –                                                                              | –                     | (24,262)                                 | (57,499)         |
| Credit (charge) to the consolidated<br>income statement (note 10) | –                                               | 44,934                                        | (58,887)                                                                      | (1,001,177)                                                                    | 1,077,397             | –                                        | 62,267           |
| At June 30, 2015                                                  | (75,829)                                        | (111,103)                                     | (5,191,412)                                                                   | (211,127)                                                                      | 3,060,287             | 576,837                                  | (1,952,347)      |

The temporary differences on income and expenses recognized 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 analysis of deferred tax balances in the financial statements is as follows:

|                          | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|--------------------------|--------------------------------|------------------------------------|
| Deferred tax assets      | 5,080,564                      | 5,679,608                          |
| Deferred tax liabilities | (7,032,911)                    | (7,554,413)                        |
|                          | (1,952,347)                    | (1,874,805)                        |

There was no material unprovided deferred tax for the period or at the balance sheet date.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 23. SHAREHOLDERS' EQUITY

#### Share capital

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

|                                          | Domestic invested shares                                        |             | Foreign<br>invested shares                                |               |
|------------------------------------------|-----------------------------------------------------------------|-------------|-----------------------------------------------------------|---------------|
|                                          | State legal<br>person shares<br>(held by the<br>Parent Company) | A shares    | H shares<br>(including H shares<br>represented<br>by ADS) | Total         |
| <b>Number of shares</b>                  |                                                                 |             |                                                           |               |
| At December 31, 2014 and June 30, 2015   | 2,600,000,000                                                   | 360,000,000 | 1,958,400,000                                             | 4,918,400,000 |
| <b>Registered, issued and fully paid</b> | (RMB'000)                                                       | (RMB'000)   | (RMB'000)                                                 | (RMB'000)     |
| At December 31, 2014 and June 30, 2015   | 2,600,000                                                       | 360,000     | 1,958,400                                                 | 4,918,400     |

Each share has a par value of RMB1.

There is no movement in share capital during the period.

#### Reserves

##### *Future Development Fund*

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

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

### 23. SHAREHOLDERS' EQUITY – CONTINUED

#### Reserves – continued

##### *Future Development Fund – continued*

In accordance with the regulations of the State Administration of Work Safety, the Company has a commitment to incur RMB8 (Shanxi Tianchi: RMB50, Xintai and Ordos: increased from RMB7 to RMB15 from February 1, 2012 onwards) for each tonne of raw coal mined from May 1, 2004 which will be used for enhancement of safety production environment and improvement of facilities ("Work Safety Cost"). From February 1, 2012 onwards, the work safety cost increased to RMB15 per tonne. In prior years, the work safety expenditures are recognized only when acquiring the fixed 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 unutilized 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. The unutilized Work Safety Cost at June 30, 2015 was RMB351,530,000 (December 31, 2014: RMB1,611,120,000).

##### *Statutory Common Reserves Fund*

The Company and its subsidiaries in the PRC has 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 in 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.

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

The Company's distributable reserve as at June 30, 2015 is the retained earnings computed under IFRS which amounted to approximately RMB30,928,204,000 (December 31, 2014: RMB30,419,601,000, the retained earnings computed under IFRS).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 24. PERPETUAL CAPITAL SECURITIES

|                                                              | Perpetual capital<br>securities issued by<br>the Company<br>RMB'000<br>(note a) | Perpetual capital<br>securities issued<br>by a subsidiary<br>RMB'000<br>(note b) | Total<br>RMB'000 |
|--------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------|
| At January 1, 2015                                           | 2,521,456                                                                       | 1,851,903                                                                        | 4,373,359        |
| Issuance of perpetual capital security                       | 3,964,000                                                                       | –                                                                                | 3,964,000        |
| Profit attributable to holders of perpetual capital security | 132,896                                                                         | 66,535                                                                           | 199,431          |
| Distribution paid to holders of perpetual capital security   | –                                                                               | (66,184)                                                                         | (66,184)         |
| At June 30, 2015                                             | 6,618,352                                                                       | 1,852,254                                                                        | 8,470,606        |

- a) The Company issued 6.8% perpetual capital securities with par value of RMB1,500,000,000 and RMB1,000,000,000 on September 19, 2014 and November 17, 2014 respectively. Coupon payments of 6.8% per annum on the perpetual capital securities are paid in arrears and can be deferred at the discretion of the Group. The 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 categorized as equity under IFRS.

The Company issued 6.50% and 6.19% perpetual capital securities with par value of RMB2,000,000,000 and RMB2,000,000,000 on April 10, 2015 and April 30, 2015 respectively. Coupon payments of 6.50% and 6.19% per annum, which will be reset every 3 years, on the perpetual capital securities are paid in arrears and can be deferred at the discretion of the Group. Those 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 categorized as equity under IFRS.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 24. PERPETUAL CAPITAL SECURITIES – CONTINUED

- b) On May 22, 2014, Yancoal International Trading Co., Limited issued 7.2% Perpetual Capital Securities with par value of USD300,000,000 (“Perpetual capital securities”) which is guaranteed by the Company. Coupon payments of 7.2% per annum on the perpetual capital securities are paid semi-annually in arrears and can be deferred at the discretion of the Group. The perpetual capital securities have no fixed maturity and are redeemable at the discretion of the Group on or after May 22, 2016 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 Group 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. The securities were listed and traded on the Hong Kong Stock Exchange and sold to professional investors only on May 23, 2014. Since the perpetual capital security does not include any payment of cash or other contractual obligation of financial instrument, it is categorized as equity under IFRS.

### 25. SUBORDINATED CAPITAL NOTES

On 31 December 2014, Yancoal SCN Limited, a wholly owned subsidiary of Yancoal Australia issued 18,005,102 Subordinated Capital Notes (“SCN”) at US\$100 each. Each SCN is convertible into 1,000 Yancoal Australia ordinary shares and is traded on ASX. The distribution rate is set at 7% per annum, with interest will be paid half a year at Yancoal Australia’s discretion.

SCN do not have any fixed maturity date and do not have to be redeemed except in a winding up of the Issuer or Yancoal Australia. Conversion occurs at a fixed price so the value of the Yancoal Australia ordinary shares issued on conversion may be more or less than the face value of the SCN converted. Note holders will be permitted to convert the SCN into Yancoal Australia ordinary shares after 40 days until the 30 year conversion period ends. The SCN will be initially convertible into Yancoal Australia ordinary shares at a conversion price of US\$0.10 per share. Almost all the notes were purchased by the Company and only RMB3,102,000 of the note is issued to other third parties. The SCN do not contain any contractual obligation to pay cash or other financial assets in accordance with IFRS, they are classified as equity.

### 26. FAIR VALUES

The fair value of available-for-sales investment is determined with reference to quoted market price. The fair values of the forward foreign exchange contracts are estimated based on the discounted cash flows between the contract forward rate and spot forward rate. The fair 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 consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 26. FAIR VALUES – CONTINUED

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

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

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

|                                                                                                         | At June 30       |              |                |                  |
|---------------------------------------------------------------------------------------------------------|------------------|--------------|----------------|------------------|
|                                                                                                         | Level 1          | Level 2      | Level 3        | Total            |
|                                                                                                         | RMB'000          | RMB'000      | RMB'000        | RMB'000          |
| <b>2015</b>                                                                                             |                  |              |                |                  |
| <b>Assets</b>                                                                                           |                  |              |                |                  |
| Available-for-sale investments                                                                          |                  |              |                |                  |
| – Investments in securities listed on the SSE (stated at fair value through other comprehensive income) | 382,350          | –            | –              | 382,350          |
| – Investments in securities listed on the NEEQ (stated as fair value through profit and loss)           | 1,029,158        | –            | –              | 1,029,158        |
| Derivative financial instruments                                                                        |                  |              |                |                  |
| – Forward foreign exchange contracts                                                                    | –                | 1,175        | –              | 1,175            |
| – Royalty receivable (i)                                                                                | –                | –            | 954,989        | 954,989          |
|                                                                                                         | <b>1,411,508</b> | <b>1,175</b> | <b>954,989</b> | <b>2,367,672</b> |

In current period, there are no change in categories between level 1 and level 2 and no movement from or into level 3.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 26. FAIR VALUES – CONTINUED

#### (i) Royalty receivable

|                       | June 30,<br>2015<br>RMB'000 |
|-----------------------|-----------------------------|
| As at January 1       | 999,064                     |
| Cash received         | (42,476)                    |
| Unwinding discount    | 50,789                      |
| Exchange re-alignment | (63,994)                    |
| Change in fair value  | 11,606                      |
| As at June 30         | 954,989                     |
| Current portion       | 84,786                      |
| Non-current portion   | 870,203                     |
|                       | 954,989                     |

A right to receive a royalty of 4% of Free on Board trimmed sales from Middlemount mine operated by Middlemount Joint Venture was acquired as part of the acquisition of Gloucester. This financial assets has been determined to have a finite life being the life of the Middlemount and is measured at fair value basis.

The royalty receivable is measured based on management expectations of the future cash flows with the re-measurement recorded in the income statement at each balance sheet date. The amount expected to be received in the next 12 month will be disclosed as current receivable and the discounted expected future cash flow beyond 12 months will be disclosed as a non-current receivable. Unwinding discount is included in interest income (note 7). Change in fair value is included in selling, general and administrative expenses.

### 27. ACQUISITION OF ADDITIONAL INTERESTS IN JOINT OPERATION

The Australia subsidiaries of the Group originally held 80% equity interests in Moolarben joint operation. On March 30, 2015, the Group acquired additional 1% equity interests in Moolarben joint operation from another venturer at a consideration of AUD19.3 million. Upon completion of the acquisition, the Group held 81% equity interest in Moolarben joint operation.

Under the shareholders agreement, the 81% equity interest held in Moolarben remained classified as a joint operation.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 28. RELATED PARTY TRANSACTIONS

#### Balances and transactions with related party

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Details of balances and transactions between the Group and other related parties are disclosed below.

|                                                                | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|----------------------------------------------------------------|--------------------------------|------------------------------------|
| <i>Nature of balances (other than those already disclosed)</i> |                                |                                    |
| Bills and accounts receivable                                  |                                |                                    |
| – Parent Company and its subsidiaries                          | 409,379                        | 545,329                            |
| – Joint ventures                                               | 195,668                        | 160,660                            |
| Prepayments and other receivables                              |                                |                                    |
| – Parent Company and its subsidiaries                          | 197,848                        | 224,151                            |
| – Associates                                                   | 112,770                        | 116,883                            |
| Other payables and accrued expenses                            |                                |                                    |
| – Parent Company and its subsidiaries                          | 960,779                        | 1,037,193                          |
| – Associates                                                   | 12,622                         | –                                  |

The amounts due from/to the Parent Company, joint ventures and its subsidiary companies are non-interest bearing, unsecured and repayable on demand.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 28. RELATED PARTY TRANSACTIONS – CONTINUED

#### Balances and transactions with related party – continued

During the years, the Group had the following significant transactions with the Parent Company and/or its subsidiary companies:

|                                             | Six months ended June 30, |                 |
|---------------------------------------------|---------------------------|-----------------|
|                                             | 2015<br>RMB'000           | 2014<br>RMB'000 |
| <i>Income</i>                               |                           |                 |
| Sales of coal                               | 595,201                   | 1,388,034       |
| Sales of heat and electricity               | 58,194                    | 60,906          |
| Sales of auxiliary materials                | 246,289                   | 195,856         |
| Sales of methanol                           | 5,304                     | 100,862         |
| <i>Expenditure</i>                          |                           |                 |
| Utilities and facilities                    | 2,009                     | 22,863          |
| Purchases of supply materials and equipment | 254,948                   | 514,441         |
| Repair and maintenance services             | 84,824                    | 83,514          |
| Social welfare and support services         | 91,498                    | 100,628         |
| Road transportation services                | 4,671                     | 6,098           |
| Construction services                       | 78,482                    | 160,631         |
| Coal processing service                     | 21,390                    | –               |

Expenditures for social welfare and support services (excluding medical and child care expenses) are RMB91,498,000 and RMB100,628,000 for each of the six months period ended June 30, 2015 and 2014. These expenses will be negotiated with and paid by the Parent Company each year.

In addition to the above, the Company participates in a retirement benefit scheme of the Parent Company in respect of retirement benefits (note 30).

As at June 30, 2015, the Company has deposited RMB1,173,520,000 (December 31, 2014: RMB927,255,000) to the Company's associate, Yan Kuang Group Finance Company Limited. The interest income received during the period amounted to RMB2,195,000 (2014: RMB4,108,000). No finance cost paid during the period (2014: Nil).

#### Transactions/balances 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 larger 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 and other related parties disclosed above, the Group also conducts business with other state-controlled entities. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 28. RELATED PARTY TRANSACTIONS – CONTINUED

#### Transactions/balances with other state-controlled entities in the PRC – continued

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

|                 | Six months ended June 30, |           |
|-----------------|---------------------------|-----------|
|                 | 2015                      | 2014      |
|                 | RMB'000                   | RMB'000   |
| Trade sales     | 718,148                   | 2,676,170 |
| Trade purchases | 196,948                   | 899,862   |

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

|                                                  | At June 30, | At December 31, |
|--------------------------------------------------|-------------|-----------------|
|                                                  | 2015        | 2014            |
|                                                  | RMB'000     | RMB'000         |
| Amounts due to other state-controlled entities   | 206,827     | 201,797         |
| Amounts due from other state-controlled entities | 106,996     | 440,387         |

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 are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations.

#### Balances and transactions with joint ventures

|                          | At June 30, | At December 31, |
|--------------------------|-------------|-----------------|
|                          | 2015        | 2014            |
|                          | RMB'000     | RMB'000         |
| Due from a joint venture | 1,644,157   | 1,705,757       |

The amount due from a joint venture is unsecured and interest is calculated at commercial rate, interest received by the Group in the current year amounting to RMB55,647,076 (six months ended June 30, 2014: RMB51,142,000).

During the current period, the sales of coal from subsidiaries of the Group in Australia to the Group's jointly ventures amounted to Nil (six months ended June 30, 2014: RMB373,738,000).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 28. RELATED PARTY TRANSACTIONS – CONTINUED

#### Compensation of key management personnel

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

|                                                | Six months ended June 30, |                 |
|------------------------------------------------|---------------------------|-----------------|
|                                                | 2015<br>RMB'000           | 2014<br>RMB'000 |
| Directors' fee                                 | 260                       | 260             |
| Salaries, allowance and other benefits in kind | 3,459                     | 3,302           |
| Retirement benefit scheme contributions        | 302                       | 565             |
|                                                | <b>4,021</b>              | <b>4,127</b>    |

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

### 29. COMMITMENTS

|                                                                                 | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|---------------------------------------------------------------------------------|--------------------------------|------------------------------------|
| Capital expenditure contracted for but not provided in the financial statements |                                |                                    |
| Acquisition of property, plant and equipment                                    |                                |                                    |
| – the Group                                                                     | 2,148,292                      | 2,725,021                          |
| – share of joint operations                                                     | 35,804                         | 5,515                              |
| Exploration and evaluation expenditure                                          |                                |                                    |
| – share of joint operations                                                     | 5,259                          | 1,382                              |
|                                                                                 | <b>2,189,355</b>               | <b>2,731,918</b>                   |

Pursuant to the regulations issued by the Shandong Province Finance Bureau, the Group has to pay a deposit to the relevant government authority, which secured for the environmental protection work done. As at June 30, 2015, the Group is committed to further make security deposit of RMB1,538 million (December 31, 2014: RMB1,584 million).

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 30. 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 October 24, 2014, the monthly contribution rate is at 20% (2014: 20%) of the total monthly basic salaries and wages of the Company's employees for the period from January 1, 2015 to December 31, 2017. Other welfare benefits will be provided by the Parent Company, which will be reimbursed by the Company.

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.

### 31. HOUSING SCHEME

The Parent Company is responsible for providing accommodation to its employees and the domestic employees of the Company. The Company and the Parent Company share the incidental expenses relating to the accommodation at a negotiated amount for each of the six months ended June 30, 2015 and 2014. Such expenses, amounting to RMB58,310,000 and RMB68,500,000 for each of the six months ended June 30, 2015 and 2014, have been included as part of the social welfare and support services expenses summarized in note 28.

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 utilizes 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.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 32. POST BALANCE SHEET EVENT

#### Acquisition of Donghua Heavy Industry

In July, 2015, the Company and the Parent Company approved an Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, the Company agreed to acquire from the Parent Company 100% of the equity interest in Donghua Heavy Industry held by the Parent Company with a consideration of RMB676,045,800. Commencing from the completion date, Donghua Heavy Industry becomes a wholly-owned subsidiary of the Company. In January 2013, the Parent Company through its wholly-owned subsidiary Yankuang Donghua Group Co., Ltd., solely set up Donghua Heavy Industry. Donghua Heavy Industry is principally engaged in mining, design, manufacturing, installation, maintenance and sales of mechanical and electrical equipment and accessories, etc. The Acquisition is expected to stimulate synergy between the Company's and the Parent Company's operation and also facilitate the reduction of connected transactions between the Company and the Parent Company. As of the reporting date, the Acquisition is completed.

### 33. OPERATING LEASE COMMITMENTS

|                                                  | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|--------------------------------------------------|--------------------------------|------------------------------------|
| Within one year                                  | 228,785                        | 152,981                            |
| More than one year, but not more than five years | 260,938                        | 132,547                            |
|                                                  | 489,723                        | 285,528                            |

Operating leases have average remaining lease terms of 1 to 5 years. Items that are subject to operating leases include mining equipment, office space and small items of office equipment.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### 34. CONTINGENT LIABILITIES

(i) Guarantees

|                                                                                                                                            | At June 30,<br>2015<br>RMB'000 | At December 31,<br>2014<br>RMB'000 |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|------------------------------------|
| <b>(a) the Group</b>                                                                                                                       |                                |                                    |
| Guarantees secured over deposits                                                                                                           | 136,538                        | 136,080                            |
| Performance guarantees provided to daily operations                                                                                        | 795,474                        | 979,025                            |
| Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute | 457,989                        | 171,892                            |
| Guarantees provided in respect of land acquisition                                                                                         | 311,705                        | –                                  |
| <b>(b) Joint ventures</b>                                                                                                                  |                                |                                    |
| Guarantees secured over deposits                                                                                                           | 2,500                          | –                                  |
| Performance guarantees provided to daily operations                                                                                        | –                              | 528,262                            |
| Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute | –                              | 46,487                             |
|                                                                                                                                            | <b>1,704,206</b>               | <b>1,861,746</b>                   |

- (ii) The Australian Taxation Office (“ATO”) has undertaken an audit of certain matters in the Company’s tax filings for the year ended 31 December, 2009, 2010 and 2011. These matters remain in progress and steps are being taken to finalise them.
- (iii) Yancoal Australia will provide financial support to joint venture, Middlemount Coal Pty Ltd, confirming that Yancoal Australia will not demand the repayment of any loan due from Middlemount, except to the extent that Middlemount agrees otherwise provided in the loan agreement; and provide financial support to Middlemount to enable it to meet its debts as and when they become due and payable, by way of new shareholder loans in proportion to its share of the net assets of Middlemount. The letter of support will remain in force whilst Yancoal Australia is a shareholder of Middlemount or until notice of not less than 12 months is provided or such shorter period as agreed by Middlemount.
- (iv) The Company was sued by Zhongxin Daxie Fuel Co., Ltd. (“Zhongxin Daxie”) at the Shandong Provincial Higher People’s Court for not performing the duty of delivering goods pursuant to the Coal Sales Contract. It requested the termination of the Coal Sales Contract signed by both sides, the return of payments for goods and compensation for economic losses of RMB163.6 million in total. Zhongxin Daxie’s claim was rejected by the first instance judgment of the Shandong Provincial Higher People’s Court. On June 30, 2014, the Company received the Notice of the Decision on Appeal from the Supreme People’s Court of the People’s Republic of China (the “Supreme Court”). As at report date, the case is still being tried in court and has not yet been heard.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

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

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – 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

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

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

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

#### (5) The perpetual capital security issued by the Company is classified as equity attributable to shareholders under PRC GAAP.

The following table summarizes the differences between consolidated financial statements prepared under IFRS and those under PRC GAAP:

|                                                                                                                                               | Net income<br>attributable to<br>equity holders<br>of the Company<br>For six months<br>ended June 30,<br>2015<br>RMB'000 | Net assets<br>attributable to<br>equity holders<br>of the Company<br>As at June 30,<br>2015<br>RMB'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| As per condensed financial statements prepared under IFRS                                                                                     | (50,626)                                                                                                                 | 36,834,550                                                                                             |
| Impact of IFRS adjustments in respect of:                                                                                                     |                                                                                                                          |                                                                                                        |
| – transfer to future development fund which is charged to income before income taxes                                                          | 758,537                                                                                                                  | –                                                                                                      |
| – reversal of work safety cost                                                                                                                | (24,009)                                                                                                                 | (475,433)                                                                                              |
| – fair value adjustment and related amortization                                                                                              | 5,288                                                                                                                    | (153,311)                                                                                              |
| – goodwill arising from acquisition of Jining II, Railway Assets, Heze, Shanxi Group and Hua Ju Energy, Yangcun Coal Mine and Beisu Coal Mine | –                                                                                                                        | (1,240,695)                                                                                            |
| – deferred tax                                                                                                                                | (181,651)                                                                                                                | 101,502                                                                                                |
| – perpetual capital security                                                                                                                  | 132,896                                                                                                                  | 6,618,316                                                                                              |
| – reversal of impairment loss on intangible assets in Yancoal Australia                                                                       | –                                                                                                                        | (657,901)                                                                                              |
| – others                                                                                                                                      | (11,222)                                                                                                                 | 250,972                                                                                                |
| As per financial statements prepared under PRC GAAP                                                                                           | 629,213                                                                                                                  | 41,278,000                                                                                             |

Note: There are also differences in other items in the condensed financial statements due to differences in classification between IFRS and PRC GAAP

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONSOLIDATED BALANCE SHEET

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEMS                                                 | NOTES | 30 June 2015       | 1 January 2015     |
|-------------------------------------------------------|-------|--------------------|--------------------|
| <b>Current assets</b>                                 |       |                    |                    |
| Cash and cash equivalents                             | VI.1  | 20,844,121         | 20,526,075         |
| Transaction settlement funds                          |       | –                  | –                  |
| Loans to other banks or financial institutions        |       | –                  | –                  |
| Financial assets at fair value through profit or loss | VI.2  | 1,029,158          | –                  |
| Financial assets derivatives (if necessary)           |       | –                  | –                  |
| Notes receivable                                      | VI.3  | 4,154,529          | 5,068,353          |
| Accounts receivable                                   | VI.4  | 2,404,449          | 2,015,752          |
| Advances to suppliers                                 | VI.5  | 3,129,808          | 1,971,564          |
| Insurance premium receivable                          |       | –                  | –                  |
| Reinsurance premium receivable                        |       | –                  | –                  |
| Reserves for reinsurance contract receivable          |       | –                  | –                  |
| Interests receivable                                  |       | 103,480            | 53,403             |
| Dividends receivable                                  |       | 165,873            | –                  |
| Other receivables                                     | VI.6  | 696,586            | 648,847            |
| Financial assets purchased with agreement to re-sale  |       | –                  | –                  |
| Inventories                                           | VI.7  | 1,920,995          | 1,569,913          |
| Held-to-sale assets                                   |       | –                  | –                  |
| Non-current assets due within one year                | VI.8  | 2,894,165          | 1,743,254          |
| Other current assets                                  | VI.9  | 3,504,951          | 3,287,107          |
| <b>Total current assets</b>                           |       | <b>40,848,115</b>  | <b>36,884,268</b>  |
| <b>Non-current assets</b>                             |       |                    |                    |
| Loans and advances to customers                       |       | –                  | –                  |
| Available-for-sale financial assets                   | VI.10 | 521,698            | 388,763            |
| Held-to-maturity investment                           | VI.11 | –                  | 1,250,000          |
| Long-term receivables                                 | VI.12 | 236,461            | 234,914            |
| Long-term equity investments                          | VI.13 | 3,359,363          | 3,086,497          |
| Investment properties                                 |       | –                  | –                  |
| Fixed assets                                          | VI.14 | 28,073,964         | 29,156,814         |
| Construction in progress                              | VI.15 | 29,625,149         | 28,710,049         |
| Construction materials                                |       | 26,216             | 20,033             |
| Disposal of fixed assets                              |       | –                  | –                  |
| Productive biological assets                          |       | –                  | –                  |
| Oil and gas assets                                    |       | –                  | –                  |
| Intangible assets                                     | VI.16 | 21,199,587         | 22,518,822         |
| Research and development expenses                     |       | –                  | –                  |
| Goodwill                                              | VI.17 | 971,247            | 992,053            |
| Long-term prepayments                                 |       | 36,992             | 39,476             |
| Deferred tax assets                                   | VI.18 | 6,086,336          | 6,797,493          |
| Other non-current assets                              | VI.19 | 1,005,893          | 1,056,016          |
| <b>Total non-current assets</b>                       |       | <b>91,142,906</b>  | <b>94,250,930</b>  |
| <b>Total assets</b>                                   |       | <b>131,991,021</b> | <b>131,135,198</b> |

The accompanying notes disclosure is the composing part of the financial statements.

The financial statements from page 107 to page 120 are signed by the following persons-in charge.

Head of the Company: Li Xiyong

Chief Financial Officer: Wu Yuxiang

Head of Accounting Department: Zhao Qingchun

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONSOLIDATED BALANCE SHEET – CONTINUED

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEMS                                                           | NOTES | 30 June 2015       | 1 January 2015     |
|-----------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Current liabilities:</b>                                     |       |                    |                    |
| Short-term borrowings                                           | VI.21 | 1,762,005          | 2,827,850          |
| Borrowings from central bank                                    |       | –                  | –                  |
| Receipt of deposits and deposits from other banks               |       | –                  | –                  |
| Loans from other banks or financial institutions                |       | –                  | –                  |
| Financial liabilities at fair value through profit or loss      | VI.22 | –                  | 664                |
| Financial liability derivatives (if necessary)                  |       | –                  | –                  |
| Notes payable                                                   | VI.23 | 617,957            | 2,102,358          |
| Accounts payable                                                | VI.24 | 2,507,146          | 2,125,594          |
| Advances from customers                                         | VI.25 | 788,434            | 798,437            |
| Funds from selling out and repurchasing financial assets        |       | –                  | –                  |
| Fee and commission payable                                      |       | –                  | –                  |
| Employee benefits payable                                       | VI.26 | 952,496            | 872,079            |
| Taxes payable                                                   | VI.27 | -83,794            | -193,152           |
| Interest payable                                                | VI.28 | 778,352            | 957,773            |
| Dividends payable                                               |       | 91,168             | –                  |
| Other payable                                                   | VI.29 | 4,681,008          | 5,721,476          |
| Reinsured accounts payable                                      |       | –                  | –                  |
| Reserves for insurance contract                                 |       | –                  | –                  |
| Funds from securities trading agency                            |       | –                  | –                  |
| Funds from underwriting securities agency                       |       | –                  | –                  |
| Held-to-sale liabilities                                        |       | –                  | –                  |
| Non-current liabilities due within one year                     | VI.30 | 5,603,622          | 3,632,943          |
| Other current liabilities                                       | VI.9  | 12,990,353         | 8,405,051          |
| <b>Total current liabilities</b>                                |       | <b>30,688,747</b>  | <b>27,251,073</b>  |
| <b>Non-current liabilities</b>                                  |       |                    |                    |
| Long-term borrowings                                            | VI.31 | 28,750,817         | 32,547,502         |
| Bonds payable                                                   | VI.32 | 16,040,966         | 16,040,608         |
| Including: preferred shares                                     |       | –                  | –                  |
| perpetual bonds                                                 |       | –                  | –                  |
| Long-term payable                                               | VI.33 | 2,454,786          | 2,460,272          |
| Long-term employee benefit payable                              | VI.34 | 8,812              | 7,563              |
| Special payables                                                |       | –                  | –                  |
| Contingent liabilities                                          | VI.35 | 860,519            | 766,010            |
| Deferred revenue                                                | VI.36 | 53,376             | 57,509             |
| Deferred tax liabilities                                        | VI.18 | 7,926,606          | 8,365,210          |
| Other non-current liabilities                                   | VI.37 | 13,461             | –                  |
| <b>Total non-current liabilities</b>                            |       | <b>56,109,343</b>  | <b>60,244,674</b>  |
| <b>Total liabilities</b>                                        |       | <b>86,798,090</b>  | <b>87,495,747</b>  |
| <b>Shareholders' Equity</b>                                     |       |                    |                    |
| Share capital                                                   | VI.38 | 4,918,400          | 4,918,400          |
| Other equity instrument                                         | VI.39 | 6,449,000          | 2,485,000          |
| Including: preferred shares                                     |       | –                  | –                  |
| perpetual bonds                                                 |       | 6,449,000          | 2,485,000          |
| Capital reserves                                                | VI.40 | 1,285,991          | 1,285,991          |
| Less: Treasury shares                                           |       | –                  | –                  |
| Other comprehensive income                                      | VI.41 | -7,709,464         | -5,954,077         |
| Special reserves                                                | VI.42 | 1,124,876          | 1,785,012          |
| Surplus reserves                                                | VI.43 | 5,976,094          | 5,900,135          |
| General risk reserves                                           |       | –                  | –                  |
| Retained earnings                                               | VI.44 | 29,233,103         | 28,778,217         |
| <b>Total equity attributable to shareholders of the Company</b> |       | <b>41,278,000</b>  | <b>39,198,678</b>  |
| Minority interest                                               | VI.45 | 3,914,931          | 4,440,773          |
| <b>Total shareholder's equity</b>                               |       | <b>45,192,931</b>  | <b>43,639,451</b>  |
| <b>Total liabilities and shareholder's equity</b>               |       | <b>131,991,021</b> | <b>131,135,198</b> |

The accompanying notes disclosure is the composing part of the financial statements.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### BALANCE SHEET OF THE PARENT COMPANY

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEMS                                                 | NOTES | 30 June 2015       | 1 January 2015     |
|-------------------------------------------------------|-------|--------------------|--------------------|
| <b>Current assets</b>                                 |       |                    |                    |
| Cash and cash equivalents                             |       | 17,890,251         | 18,425,914         |
| Financial assets at fair value through profit or loss |       | 1,029,158          | –                  |
| Financial assets derivatives (if necessary)           |       | –                  | –                  |
| Notes receivable                                      | XV.1  | 4,059,919          | 5,050,409          |
| Accounts receivable                                   |       | 1,161,203          | 528,576            |
| Advances to suppliers                                 |       | 923,821            | 248,314            |
| Interest receivables                                  |       | 2,009,344          | 1,741,124          |
| Dividend receivables                                  |       | 165,873            | –                  |
| Other receivables                                     | XV.2  | 7,229,857          | 3,997,717          |
| Inventories                                           |       | 766,699            | 654,160            |
| Held-to-sale assets                                   |       | –                  | –                  |
| Non-current assets due within one year                |       | 1,250,008          | 8                  |
| Other current assets                                  |       | 3,108,807          | 2,887,428          |
| <b>Total current assets</b>                           |       | <b>39,594,940</b>  | <b>33,533,650</b>  |
| <b>Non-current assets:</b>                            |       |                    |                    |
| Available-for-sale financial assets                   |       | 11,395,849         | 11,272,623         |
| Held-to-maturity investments                          |       | 9,172,000          | 11,302,000         |
| Long-term receivables                                 |       | –                  | –                  |
| Long-term equity investments                          | XV.3  | 33,109,920         | 32,750,851         |
| Investment properties                                 |       | –                  | –                  |
| Fixed assets                                          |       | 7,444,673          | 7,990,457          |
| Construction in progress                              |       | 625,722            | 54,564             |
| Construction materials                                |       | –                  | –                  |
| Disposal of fixed assets                              |       | –                  | –                  |
| Productive biological assets                          |       | –                  | –                  |
| Oil and gas assets                                    |       | –                  | –                  |
| Intangible assets                                     |       | 2,069,884          | 2,168,814          |
| Research and development expenses                     |       | –                  | –                  |
| Goodwill                                              |       | –                  | –                  |
| Long-term deferred expenses                           |       | 33                 | 37                 |
| Deferred tax assets                                   |       | 1,155,979          | 1,426,160          |
| Other non-current assets                              |       | 117,926            | 117,926            |
| <b>Total non-current assets</b>                       |       | <b>65,091,986</b>  | <b>67,083,432</b>  |
| <b>Total assets</b>                                   |       | <b>104,686,926</b> | <b>100,617,082</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### BALANCE SHEET OF THE PARENT COMPANY – CONTINUED

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEMS                                                       | NOTES | 30 June 2015       | 1 January 2015     |
|-------------------------------------------------------------|-------|--------------------|--------------------|
| <b>Current liabilities:</b>                                 |       |                    |                    |
| Short-term loans                                            |       | 1,527,040          | 2,827,850          |
| Financial liabilities at fair value through profit and loss |       | –                  | 664                |
| Financial liability derivatives (if necessary)              |       | –                  | –                  |
| Notes payable                                               |       | 301,934            | 1,767,508          |
| Accounts payable                                            |       | 1,101,310          | 932,681            |
| Advance from customers                                      |       | 391,591            | 403,618            |
| Employee benefits payable                                   |       | 423,470            | 383,699            |
| Taxes payable                                               |       | 242,111            | 118,398            |
| Interests payable                                           |       | 945,727            | 866,185            |
| Dividends payables                                          |       | 91,168             | –                  |
| Other payables                                              |       | 13,418,554         | 13,949,327         |
| Held-to-sale liabilities                                    |       | –                  | –                  |
| Non-current liabilities due within one year                 |       | 2,537,299          | 2,417,431          |
| Other current liabilities                                   |       | 12,784,905         | 8,204,748          |
| <b>Total current liabilities</b>                            |       | <b>33,765,109</b>  | <b>31,872,109</b>  |
| <b>Non-current liabilities:</b>                             |       |                    |                    |
| Long-term loans                                             |       | 6,168,030          | 8,106,446          |
| Bonds payable                                               |       | 9,927,267          | 9,920,792          |
| Including: preferred shares                                 |       | –                  | –                  |
| perpetual bonds                                             |       | –                  | –                  |
| Long-term payables                                          |       | 3,529,077          | 3,569,389          |
| Long-term employee benefits payable                         |       | –                  | –                  |
| Special Payables                                            |       | –                  | –                  |
| Contingent liabilities                                      |       | –                  | –                  |
| Deferred revenue                                            |       | 11,699             | 13,091             |
| Deferred tax liabilities                                    |       | 282,312            | 199,197            |
| Other non-current liabilities                               |       | –                  | –                  |
| <b>Total non-current liabilities</b>                        |       | <b>19,918,385</b>  | <b>21,808,915</b>  |
| <b>Total liabilities</b>                                    |       | <b>53,683,494</b>  | <b>53,681,024</b>  |
| <b>Shareholders' Equity</b>                                 |       |                    |                    |
| Share capital                                               |       | 4,918,400          | 4,918,400          |
| Other equity instruments                                    |       | 6,449,000          | 2,485,000          |
| Including: preferred shares                                 |       | –                  | –                  |
| perpetual bonds                                             |       | 6,449,000          | 2,485,000          |
| Capital reserves                                            |       | 1,939,077          | 1,939,077          |
| Less: Treasury shares                                       |       | –                  | –                  |
| Other comprehensive income                                  |       | 262,532            | 140,185            |
| Specific reserves                                           |       | 767,574            | 1,447,774          |
| Surplus reserves                                            |       | 5,930,984          | 5,855,025          |
| Retained earnings                                           |       | 30,735,865         | 30,150,597         |
| <b>Total shareholder's equity</b>                           |       | <b>51,003,432</b>  | <b>46,936,058</b>  |
| <b>Total liabilities and shareholder's equity</b>           |       | <b>104,686,926</b> | <b>100,617,082</b> |

The accompanying notes disclosure is the composing part of the financial statements.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEM                                                                                       | NOTES | January to<br>June 2015 | January to<br>June 2014 |
|--------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>1. Total operating income</b>                                                           |       | <b>25,143,406</b>       | 32,428,612              |
| Including: Operating income                                                                | VI.47 | <b>25,143,406</b>       | 32,428,612              |
| Interest income                                                                            |       | –                       | –                       |
| Earned insurance premiums                                                                  |       | –                       | –                       |
| Fees and commission income                                                                 |       | –                       | –                       |
| <b>2. Total operating cost</b>                                                             |       | <b>24,930,664</b>       | 31,986,507              |
| Including: Operating cost                                                                  | VI.47 | <b>20,215,590</b>       | 26,853,095              |
| Interest expenses                                                                          |       | –                       | –                       |
| Fees and commission expenses                                                               |       | –                       | –                       |
| Refunded premiums                                                                          |       | –                       | –                       |
| Net amount of compensation payout                                                          |       | –                       | –                       |
| Net amount of reserves for reinsurance contract                                            |       | –                       | –                       |
| Policy dividend payment                                                                    |       | –                       | –                       |
| Reinsured expenses                                                                         |       | –                       | –                       |
| Operating taxes and surcharges                                                             | VI.48 | <b>392,915</b>          | 285,523                 |
| Selling expenses                                                                           | VI.49 | <b>1,262,608</b>        | 1,568,210               |
| Administrative expenses                                                                    | VI.50 | <b>1,875,008</b>        | 2,342,926               |
| Financial expenses                                                                         | VI.51 | <b>1,015,654</b>        | 806,077                 |
| Impairment loss                                                                            | VI.52 | <b>168,889</b>          | 130,676                 |
| Add: Gain arising from the changes in fair value (loss listed with "-")                    | VI.53 | <b>258,480</b>          | -61,986                 |
| Investment income (Loss listed with "-")                                                   | VI.54 | <b>196,792</b>          | -89,268                 |
| Including: income from investments in associates and joint ventures (Loss listed with "-") |       | <b>149,982</b>          | -89,353                 |
| Exchange gain (Loss listed with "-")                                                       |       | –                       | –                       |
| <b>3. Operating profit (Loss listed with "-")</b>                                          |       | <b>668,014</b>          | 290,851                 |
| Add: Non-operating income                                                                  | VI.55 | <b>383,048</b>          | 390,517                 |
| Including: Gain from disposal of non-current assets                                        |       | <b>2,237</b>            | 2,751                   |
| Less: Non-operating expenses                                                               | VI.56 | <b>81,977</b>           | 11,719                  |
| Including: Loss on disposal of non-current assets                                          |       | <b>13,311</b>           | 3,369                   |
| <b>4. Total profit (Loss listed with "-")</b>                                              |       | <b>969,085</b>          | 669,649                 |
| Less: Income taxes                                                                         | VI.57 | <b>424,198</b>          | 52,583                  |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONSOLIDATED INCOME STATEMENT – CONTINUED

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEM                                                                                                                       | NOTES | January to<br>June 2015 | January to<br>June 2014 |
|----------------------------------------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>5. Net profit (Net loss listed with “-”)</b>                                                                            |       | <b>544,887</b>          | 617,066                 |
| Net profit attributable to shareholders of the parent                                                                      |       | <b>629,213</b>          | 835,552                 |
| Including: net profit attributable to holders of other equity instruments                                                  |       | <b>132,897</b>          | –                       |
| Non-controlling profit/loss                                                                                                |       | <b>-84,326</b>          | -218,486                |
| <b>6. After-tax net other comprehensive income after tax</b>                                                               |       | <b>-2,134,180</b>       | 2,069,691               |
| Total after-tax net comprehensive income attributable to shareholders of the parent                                        |       | <b>-1,755,387</b>       | 2,069,691               |
| 1). Other comprehensive income not reclassified to profit and loss in the future                                           |       | –                       | –                       |
| 2). Other comprehensive income reclassified to profit and loss in the future                                               |       | <b>-1,755,387</b>       | 2,069,691               |
| 1. Other comprehensive income classified to profit and loss in the future shared by investee accounted under equity method |       | <b>22,637</b>           | –                       |
| 2. Gain/loss on fair value movement for available-for-sale financial assets                                                |       | <b>99,710</b>           | -5,866                  |
| 3. Effective Gain/loss on cashflow hedge                                                                                   |       | <b>185,053</b>          | 743,479                 |
| 4. Translation difference on foreign currencies                                                                            |       | <b>-2,062,787</b>       | 1,332,078               |
| After-tax net comprehensive income attributable to non-controlling interest                                                |       | <b>-378,793</b>         | –                       |
| <b>7. Total comprehensive income</b>                                                                                       |       | <b>-1,589,293</b>       | 2,686,757               |
| Comprehensive income attributable to the parent                                                                            |       | <b>-1,126,174</b>       | 2,905,243               |
| Including: total comprehensive income attributable to holders of other equity instruments                                  |       | <b>132,897</b>          | –                       |
| Total comprehensive income attributable to non-controlling interest                                                        |       | <b>-463,119</b>         | -218,486                |
| <b>8. Earnings per share</b>                                                                                               |       |                         |                         |
| Basic earnings per share                                                                                                   |       | <b>0.1009</b>           | 0.1699                  |
| Diluted earnings per share                                                                                                 |       | <b>0.1009</b>           | 0.1699                  |

The accompanying notes disclosure is the composing part of the financial statements.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### INCOME STATEMENT OF THE PARENT COMPANY

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEMS                                                                                                                         | NOTES | January to<br>June 2015 | January to<br>June 2014 |
|-------------------------------------------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>1. Total operating income</b>                                                                                              | XV.4  | <b>11,849,696</b>       | 22,814,488              |
| Less: operating cost                                                                                                          | XV.4  | <b>8,474,826</b>        | 18,576,140              |
| Business taxes and surcharges                                                                                                 |       | <b>310,107</b>          | 229,248                 |
| Selling expenses                                                                                                              |       | <b>252,618</b>          | 353,242                 |
| Administrative expenses                                                                                                       |       | <b>1,339,950</b>        | 1,678,699               |
| Finance expenses                                                                                                              |       | <b>1,074,229</b>        | 867,515                 |
| Loss on impairment of assets                                                                                                  |       | <b>31,829</b>           | 14,370                  |
| Add: Gain arising from the changes in fair value<br>(Loss listed with “-”)                                                    |       | <b>246,874</b>          | -37                     |
| Investment income (Loss listed with “-”)                                                                                      | XV.5  | <b>551,939</b>          | 583,716                 |
| Including: income from investments in associates and<br>joint ventures (Loss listed with “-”)                                 |       | <b>230,745</b>          | 100,182                 |
| <b>2. Operating profit (Loss listed with “-”)</b>                                                                             |       | <b>1,164,950</b>        | 1,678,953               |
| Add: Non-operating income                                                                                                     |       | <b>248,868</b>          | 331,774                 |
| Including: Gain from disposal of non-current assets                                                                           |       | <b>17</b>               | 2,166                   |
| Less: Non-operating expenses                                                                                                  |       | <b>65,018</b>           | 7,361                   |
| Including: Gain from disposal of non-current assets                                                                           |       | <b>35</b>               | 3,280                   |
| <b>3. Total profit (Total loss listed with “-”)</b>                                                                           |       | <b>1,348,800</b>        | 2,003,366               |
| Less: Income tax expenses                                                                                                     |       | <b>589,205</b>          | 495,327                 |
| <b>4. Net profit (Net loss listed with “-”)</b>                                                                               |       | <b>759,595</b>          | 1,508,039               |
| Net profit attributable to shareholders                                                                                       |       | <b>759,595</b>          | 1,508,039               |
| Including: net profit attributable to holders of other equity instruments                                                     |       | <b>132,897</b>          | –                       |
| <b>5. After-tax net other comprehensive income after tax</b>                                                                  |       | <b>122,347</b>          | -5,866                  |
| 1). Other comprehensive income not reclassified to<br>profit and loss in the future                                           |       | <b>–</b>                | –                       |
| 2). Other comprehensive income reclassified to profit<br>and loss in the future                                               |       | <b>122,347</b>          | -5,866                  |
| 1. Other comprehensive income classified to profit and loss in<br>the future shared by investee accounted under equity method |       | <b>22,637</b>           | –                       |
| 2. Gain/loss on fair value movement for<br>available-for-sale financial assets                                                |       | <b>99,710</b>           | -5,866                  |
| 3. Effective Gain/loss on cashflow hedge                                                                                      |       | <b>–</b>                | –                       |
| 4. Translation difference on foreign currencies                                                                               |       | <b>–</b>                | –                       |
| <b>6. Total comprehensive income</b>                                                                                          |       | <b>881,942</b>          | 1,502,173               |
| Comprehensive income attributable                                                                                             |       | <b>881,942</b>          | 1,502,173               |
| Including: total comprehensive income attributable to holders<br>of other equity instruments                                  |       | <b>132,897</b>          | –                       |
| <b>7. Earnings per share:</b>                                                                                                 |       |                         |                         |
| Basic earnings per share                                                                                                      |       | <b>0.1274</b>           | 0.3066                  |
| Diluted earnings per share                                                                                                    |       | <b>0.1274</b>           | 0.3066                  |

The accompanying notes disclosure is the composing part of the financial statements.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEMS                                                                                         | NOTES | January to<br>June 2015 | January to<br>June 2014 |
|-----------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>1. Cash flows from operating activities:</b>                                               |       |                         |                         |
| Cash received from sales of goods and rendering of services                                   |       | 20,276,783              | 37,904,800              |
| Net increase in deposits from customers and deposits from other banks                         |       | –                       | –                       |
| Net increase in loans from central bank                                                       |       | –                       | –                       |
| Net increase in loans from other financial institutions                                       |       | –                       | –                       |
| Cash receipts of premium of direct insurance contracts                                        |       | –                       | –                       |
| Net cash received from reinsurance contracts                                                  |       | –                       | –                       |
| Net increase in deposits from insurance policy holders and investment                         |       | –                       | –                       |
| Net increase from disposal of financial assets at fair value through profit/loss              |       | –                       | –                       |
| Cash receipts of interest, fees and commission                                                |       | –                       | –                       |
| Net increase in placement from banks and other financial institution                          |       | –                       | –                       |
| Net increase in sales and repurchase operations                                               |       | –                       | –                       |
| Cash received from taxes refund                                                               |       | 331,214                 | 277,047                 |
| Cash received from other operating activities                                                 | VI.59 | 934,006                 | 409,696                 |
| <b>Sub-total of cash inflows from operating activities</b>                                    |       | <b>21,542,003</b>       | <b>38,591,543</b>       |
| Cash paid for goods and services                                                              |       | 14,508,821              | 28,191,001              |
| Net increase in loans and disbursement to customers                                           |       | –                       | –                       |
| Net increase in deposit with central bank and inter-banks                                     |       | –                       | –                       |
| Cash paid for claims of direct insurance contracts                                            |       | –                       | –                       |
| Cash paid for interest, fee and commission                                                    |       | –                       | –                       |
| Cash paid for dividends of insurance policies                                                 |       | –                       | –                       |
| Cash paid to and on behalf of employees                                                       |       | 3,802,510               | 4,900,296               |
| Payments of taxes and surcharges                                                              |       | 2,535,643               | 4,035,971               |
| Cash paid to other operating activities                                                       | VI.59 | 1,281,850               | 1,709,391               |
| <b>Sub-total of cash outflows from operating activities</b>                                   |       | <b>22,128,824</b>       | <b>38,836,659</b>       |
| <b>Net cash flows from operating activities</b>                                               |       | <b>-586,821</b>         | <b>-245,116</b>         |
| <b>2. Cash flows from investment activities:</b>                                              |       |                         |                         |
| Cash received from investment                                                                 |       | 4,495                   | –                       |
| Cash received from investments income                                                         |       | 18,759                  | 199,413                 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets |       | 6,033                   | 3,894                   |
| Net cash received from disposal of subsidiaries and other business units                      |       | –                       | –                       |
| Cash received from other investing activities                                                 | VI.59 | 95,957                  | 165,169                 |
| <b>Sub-total of cash inflows from investing activities</b>                                    |       | <b>125,244</b>          | <b>368,476</b>          |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets               |       | 2,435,348               | 1,644,652               |
| Cash paid for investments                                                                     |       | 1,147,077               | –                       |
| Net increase in pledged deposits                                                              |       | –                       | –                       |
| Net cash paid to acquire subsidiaries and other business units                                |       | –                       | 125,000                 |
| Cash paid to other investing activities                                                       | VI.59 | –                       | 3,491,375               |
| <b>Sub-total of cash outflow from investing activities</b>                                    |       | <b>3,582,425</b>        | <b>5,261,027</b>        |
| <b>Net cash flows from investing activities</b>                                               |       | <b>-3,457,181</b>       | <b>-4,892,551</b>       |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONSOLIDATED CASH FLOW STATEMENT – CONTINUED

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEMS                                                                                               | NOTES | January to<br>June 2015 | January to<br>June 2014 |
|-----------------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>3. Cash flows from financing activities</b>                                                      |       |                         |                         |
| Cash received from investment                                                                       |       | 3,964,000               | –                       |
| Including: Cash received by subsidiaries from<br>investment absorpotion of non-controlling interest |       | –                       | –                       |
| Cash received from issuance of other equity instruments                                             |       | 3,964,000               | –                       |
| Cash received from borrowings                                                                       |       | 1,620,790               | 3,135,164               |
| Cash received from issuing of bonds                                                                 |       | 9,982,500               | 11,773,607              |
| Cash received from other financing activities                                                       | VI.59 | –                       | –                       |
| <b>Sub-total of cash inflows from financing activities</b>                                          |       | <b>15,567,290</b>       | <b>14,908,771</b>       |
| Cash paid for loan repayments                                                                       |       | 9,744,484               | 4,407,153               |
| Cash paid for dividends, profits distribution<br>or payments of interest                            |       | 1,353,730               | 771,482                 |
| Including: Dividends and profits paid by subsidiaries<br>to non-controlling interest                |       | –                       | –                       |
| Cash paid to other financing activities                                                             | VI.59 | 14,044                  | 1,971,081               |
| <b>Sub-total of cash outflows from financing activities</b>                                         |       | <b>11,112,258</b>       | <b>7,149,716</b>        |
| <b>Net cash flows from financing activities</b>                                                     |       | <b>4,455,032</b>        | <b>7,759,055</b>        |
| <b>4. Effect of changes in foreign exchange rate on<br/>cash and cash equivalents</b>               |       | <b>-17,148</b>          | <b>113,580</b>          |
| <b>5. Net increase in cash and cash equivalents</b>                                                 |       | <b>393,882</b>          | <b>2,734,968</b>        |
| Add: Cash and cash equivalents at the beginning of the year                                         |       | 20,207,279              | 10,965,667              |
| <b>6. Cash and cash equivalents at the end of the reporting period</b>                              |       | <b>20,601,161</b>       | <b>13,700,635</b>       |

The accompanying notes disclosure is the composing part of the financial statements.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CASH FLOW STATEMENT OF THE PARENT COMPANY

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

Unit: RMB'000

| ITEMS                                                                                         | NOTES | January to<br>June 2015 | January to<br>June 2014 |
|-----------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| <b>1. Cash flows from operating activities</b>                                                |       |                         |                         |
| Cash received from sales of goods and rendering of services                                   |       | 9,479,265               | 27,068,748              |
| Cash received from taxes refund                                                               |       | –                       | –                       |
| Cash received from other operating activities                                                 |       | 1,152,816               | 434,067                 |
| <b>Sub-total of cash inflows from operating activities</b>                                    |       | <b>10,632,081</b>       | <b>27,502,815</b>       |
| Cash paid for goods and services                                                              |       | 6,508,832               | 19,425,542              |
| Cash paid to and on behalf of employees                                                       |       | 2,454,860               | 3,367,456               |
| Payments of taxes and surcharges                                                              |       | 1,965,181               | 3,223,461               |
| Cash paid to other operating activities                                                       |       | 1,385,590               | 1,566,249               |
| <b>Sub-total of cash outflows from operating activities</b>                                   |       | <b>12,314,463</b>       | <b>27,582,708</b>       |
| Net cash flows from operating activities                                                      |       | <b>-1,682,382</b>       | <b>-79,893</b>          |
| <b>2. Cash flows from investing activities</b>                                                |       |                         |                         |
| Cash received from investment                                                                 |       | 884,495                 | 319,000                 |
| Cash received from investments income                                                         |       | 88,311                  | 318,336                 |
| Cash received from disposal of fixed assets,<br>intangible assets and other long-terms assets |       | 777                     | 2,545                   |
| Net cash received from disposal of subsidiaries<br>and other business units                   |       | –                       | –                       |
| Cash received from other investing activities                                                 |       | 694,154                 | 742,783                 |
| <b>Sub-total of cash inflows from investing activities</b>                                    |       | <b>1,667,737</b>        | <b>1,382,664</b>        |
| Cash paid to acquire fixed assets, intangible assets<br>and other long-term assets            |       | 634,515                 | 654,493                 |
| Cash paid for investments                                                                     |       | 2,181,628               | –                       |
| Net cash paid to acquire subsidiaries or other business units                                 |       | –                       | 600,000                 |
| Cash paid to other investing activities                                                       |       | 2,543,557               | 3,494,977               |
| <b>Sub-total of cash outflows from investing activities</b>                                   |       | <b>5,359,700</b>        | <b>4,749,470</b>        |
| <b>Net cash flows from investing activities</b>                                               |       | <b>-3,691,963</b>       | <b>-3,366,806</b>       |
| <b>3. Cash flows from financing activities</b>                                                |       |                         |                         |
| Cash received from investment                                                                 |       | 3,964,000               | –                       |
| Cash received from borrowings                                                                 |       | 1,620,790               | 1,910,000               |
| Cash received from issuing of bonds                                                           |       | 9,982,500               | 9,947,500               |
| Cash received from other financing activities                                                 |       | 32,695                  | 96,715                  |
| <b>Sub-total of cash inflows from financing activities</b>                                    |       | <b>15,599,985</b>       | <b>11,954,215</b>       |
| Cash paid for loan repayments                                                                 |       | 9,737,476               | 4,396,153               |
| Cash paid for dividends, profits appropriation or payments of interests                       |       | 1,021,287               | 394,931                 |
| Cash paid to other financing activities                                                       |       | –                       | 1,941,007               |
| <b>Sub-total of cash outflows from financing activities</b>                                   |       | <b>10,758,763</b>       | <b>6,732,091</b>        |
| <b>Net cash flows from financing activities</b>                                               |       | <b>4,841,222</b>        | <b>5,222,124</b>        |
| <b>4. Effect of changes in foreign exchange rate on<br/>cash and cash equivalents</b>         |       | <b>-2,541</b>           | <b>8,109</b>            |
| <b>5. Net increase in cash and cash equivalents</b>                                           |       | <b>-535,664</b>         | <b>1,783,534</b>        |
| Add: Cash and cash equivalents at the beginning of the year                                   |       | <b>18,327,805</b>       | <b>6,620,343</b>        |
| <b>Cash and cash equivalents at the end of the reporting period</b>                           |       | <b>17,792,141</b>       | <b>8,403,877</b>        |

The accompanying notes disclosure is the composing part of the financial statements.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

| Item                                                         | Amount for 1 January 2015 to 30 June 2015              |                  |                 |        |                  |                       |                            |                   |                  |                      |                   |                          |                            |
|--------------------------------------------------------------|--------------------------------------------------------|------------------|-----------------|--------|------------------|-----------------------|----------------------------|-------------------|------------------|----------------------|-------------------|--------------------------|----------------------------|
|                                                              | Equity attributable to the shareholders of the Company |                  |                 |        |                  |                       |                            |                   |                  |                      |                   |                          | Total shareholders' equity |
|                                                              | Share capital                                          | Preferred shares | Perpetual bonds | Others | Capital reserves | Less: Treasury shares | Other comprehensive income | Specific reserves | Surplus reserves | General risk reserve | Retained earnings | Non-controlling interest |                            |
| 1. Closing balance of 2014                                   | 4,918,400                                              | -                | 2,485,000       | -      | 1,285,991        | -                     | -5,954,077                 | 1,785,012         | 5,900,135        | -                    | 28,778,217        | 4,440,773                | 43,639,451                 |
| Add: Changes in accounting policies                          | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| Correction of prior periods errors                           | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| Business combination under common control                    | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| Others                                                       | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 2. Beginning balance of 2015                                 | 4,918,400                                              | -                | 2,485,000       | -      | 1,285,991        | -                     | -5,954,077                 | 1,785,012         | 5,900,135        | -                    | 28,778,217        | 4,440,773                | 43,639,451                 |
| 3. Increase/Decrease for the year (Decrease listed with "-") | -                                                      | -                | 3,964,000       | -      | -                | -                     | -1,755,387                 | -660,136          | 75,959           | -                    | 454,886           | -525,842                 | 1,553,480                  |
| (1) Total comprehensive income                               | -                                                      | -                | -               | -      | -                | -                     | -1,755,387                 | -                 | -                | -                    | 629,213           | -463,119                 | -1,589,293                 |
| (2) Capital contribution and reduction                       | -                                                      | -                | 3,964,000       | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | 3,964,000                  |
| 1. Ordinary shares contributed by shareholders               | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 2. Contributions by other equity instrument holders          | -                                                      | -                | 3,964,000       | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | 3,964,000                  |
| 3. Share-based payment in shareholders' equity               | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 4. Others                                                    | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| (3) Profit distribution                                      | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | 75,959           | -                    | -174,327          | -66,184                  | -164,552                   |
| 1. Surplus reserves                                          | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | 75,959           | -                    | -75,959           | -                        | -                          |
| 2. Reserve for ordinary risk                                 | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 3. Distribution to owners (shareholders)                     | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -98,368           | -                        | -98,368                    |
| 4. Distribution to holders of other equity instruments       | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -66,184                  | -66,184                    |
| 5. Others                                                    | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| (4) Inter transfer of shareholders' equity                   | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 1. Transfer capital reserves to capital addition             | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 2. Transfer surplus reserves to capital addition             | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 3. Transfer surplus reserves to offset loss                  | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 4. Others                                                    | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| (5) Specific reserves                                        | -                                                      | -                | -               | -      | -                | -                     | -                          | -660,136          | -                | -                    | -                 | 3,461                    | -656,675                   |
| 1. Provision for current year                                | -                                                      | -                | -               | -      | -                | -                     | -                          | 484,678           | -                | -                    | -                 | 5,179                    | 489,857                    |
| 2. Utilization for current year                              | -                                                      | -                | -               | -      | -                | -                     | -                          | -1,144,814        | -                | -                    | -                 | -1,718                   | -1,146,532                 |
| (6) Others                                                   | -                                                      | -                | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 4. Closing balance at 30 June 2015                           | 4,918,400                                              | -                | 6,449,000       | -      | 1,285,991        | -                     | -7,709,464                 | 1,124,876         | 5,976,094        | -                    | 29,233,103        | 3,914,931                | 45,192,931                 |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)

For the six months ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

| Amount for 1 January 2014 to 31 December 2014                |                                                        |                          |                 |        |                  |                       |                            |                   |                  |                      |                   |                          |                            |
|--------------------------------------------------------------|--------------------------------------------------------|--------------------------|-----------------|--------|------------------|-----------------------|----------------------------|-------------------|------------------|----------------------|-------------------|--------------------------|----------------------------|
| Item                                                         | Equity attributable to the shareholders of the Company |                          |                 |        |                  |                       |                            |                   |                  |                      |                   |                          |                            |
|                                                              | Share capital                                          | Other equity instruments |                 |        | Capital reserves | Less: Treasury shares | Other comprehensive income | Specific reserves | Surplus reserves | General risk reserve | Retained earnings | Non-controlling interest | Total shareholders' equity |
|                                                              |                                                        | Preferred shares         | Perpetual bonds | Others |                  |                       |                            |                   |                  |                      |                   |                          |                            |
| 1. Closing balance of 2013                                   | 4,918,400                                              | -                        | -               | -      | 3,106,650        | -                     | -3,822,501                 | 2,285,384         | 5,493,640        | -                    | 26,998,913        | 3,576,561                | 42,557,047                 |
| Add: Changes in accounting policies                          | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| Correction of prior periods errors                           | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| Business combination under common control                    | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| Others                                                       | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 2. Beginning balance of 2014                                 | 4,918,400                                              | -                        | -               | -      | 3,106,650        | -                     | -3,822,501                 | 2,285,384         | 5,493,640        | -                    | 26,998,913        | 3,576,561                | 42,557,047                 |
| 3. Increase/Decrease for the year (Decrease listed with "-") | -                                                      | -                        | 2,485,000       | -      | -1,820,659       | -                     | -2,131,576                 | -500,372          | 406,495          | -                    | 1,779,304         | 864,212                  | 1,082,404                  |
| (1) Total comprehensive income                               | -                                                      | -                        | -               | -      | -                | -                     | -2,131,576                 | -                 | -                | -                    | 2,284,167         | -908,687                 | -756,096                   |
| (2) Capital contribution and reduction                       | -                                                      | -                        | 2,485,000       | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | 1,838,849                | 4,323,849                  |
| 1. Ordinary shares contributed by shareholders               | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 2. Contributions by other equity instrument holders          | -                                                      | -                        | 2,485,000       | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | 1,838,849                | 4,323,849                  |
| 3. Share-based payment in shareholders' equity               | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 4. Others                                                    | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| (3) Profit distribution                                      | -                                                      | -                        | -               | -      | -1,820,659       | -                     | -                          | 1,820,659         | 406,495          | -                    | -504,863          | -65,922                  | -164,290                   |
| 1. Surplus reserves                                          | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | 406,495          | -                    | -406,495          | -                        | -                          |
| 2. Reserve for ordinary risk                                 | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 3. Distribution to owners (shareholders)                     | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -98,368           | -                        | -98,368                    |
| 4. Distribution to holders of other equity instruments       | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -65,922                  | -65,922                    |
| 5. Others                                                    | -                                                      | -                        | -               | -      | -1,820,659       | -                     | -                          | 1,820,659         | -                | -                    | -                 | -                        | -                          |
| (4) Inter transfer of shareholders' equity                   | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 1. Transfer capital reserves to capital addition             | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 2. Transfer surplus reserves to capital addition             | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 3. Transfer surplus reserves to offset loss                  | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 4. Others                                                    | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| (5) Specific reserves                                        | -                                                      | -                        | -               | -      | -                | -                     | -                          | -2,321,031        | -                | -                    | -                 | -28                      | -2,321,059                 |
| 1. Provision for current year                                | -                                                      | -                        | -               | -      | -                | -                     | -                          | 983,726           | -                | -                    | -                 | 11,630                   | 995,356                    |
| 2. Utilization for current year                              | -                                                      | -                        | -               | -      | -                | -                     | -                          | -3,304,757        | -                | -                    | -                 | -11,658                  | -3,316,415                 |
| (6) Others                                                   | -                                                      | -                        | -               | -      | -                | -                     | -                          | -                 | -                | -                    | -                 | -                        | -                          |
| 4. Closing balance at 31 December 2014                       | 4,918,400                                              | -                        | 2,485,000       | -      | 1,285,991        | -                     | -5,954,077                 | 1,785,012         | 5,900,135        | -                    | 28,778,217        | 4,440,773                | 43,639,451                 |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY

For the six months Ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

|                                                                 | Amount for 1 January 2015 to 30 June 2015 |                          |                 |        |                  |                 |                      |                   |                  |                   |                      |
|-----------------------------------------------------------------|-------------------------------------------|--------------------------|-----------------|--------|------------------|-----------------|----------------------|-------------------|------------------|-------------------|----------------------|
|                                                                 |                                           | Other equity instruments |                 |        |                  | Less:           | Other                |                   |                  |                   | Total                |
| Item                                                            | Share capital                             | Preferred shares         | Perpetual bonds | Others | Capital reserves | Treasury shares | comprehensive income | Specific reserves | Surplus reserves | Retained earnings | Shareholder's equity |
| 1. closing balance of 2014                                      | 4,918,400                                 | -                        | 2,485,000       | -      | 1,939,077        | -               | 140,185              | 1,447,774         | 5,855,025        | 30,150,597        | 46,936,058           |
| Add: Changes in accounting policies                             | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| Correction of prior periods errors                              | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| Others                                                          | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| 2. Beginning balance of 2015                                    | 4,918,400                                 | -                        | 2,485,000       | -      | 1,939,077        | -               | 140,185              | 1,447,774         | 5,855,025        | 30,150,597        | 46,936,058           |
| 3. Increase/Decrease for the year<br>(Decrease listed with "-") | -                                         | -                        | 3,964,000       | -      | -                | -               | 122,347              | -680,200          | 75,959           | 585,268           | 4,067,374            |
| (1) Total comprehensive income                                  | -                                         | -                        | -               | -      | -                | -               | 122,347              | -                 | -                | 759,595           | 881,942              |
| (2) Capital contribution and reduction                          | -                                         | -                        | 3,964,000       | -      | -                | -               | -                    | -                 | -                | -                 | 3,964,000            |
| 1. Ordinary shares contributed by shareholders                  | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| 2. Contributions by other equity instrument holders             | -                                         | -                        | 3,964,000       | -      | -                | -               | -                    | -                 | -                | -                 | 3,964,000            |
| 3. Share-based payment in shareholders' equity                  | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| 4. Others                                                       | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| (3) Profit distribution                                         | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | 75,959           | -174,327          | -98,368              |
| 1. Surplus reserves                                             | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | 75,959           | -75,959           | -                    |
| 2. Distribution to owners (shareholders)                        | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -98,368           | -98,368              |
| 3. Others                                                       | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| (4) Inter transfer of shareholders' equity                      | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| 1. Transfer capital reserves to capital addition                | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| 2. Transfer surplus reserves to capital addition                | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| 3. Transfer surplus reserves to offset loss                     | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| 4. Others                                                       | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| (5) Specific reserves                                           | -                                         | -                        | -               | -      | -                | -               | -                    | -680,200          | -                | -                 | -680,200             |
| 1. Provision for current year                                   | -                                         | -                        | -               | -      | -                | -               | -                    | 374,204           | -                | -                 | 374,204              |
| 2. Utilization for current year                                 | -                                         | -                        | -               | -      | -                | -               | -                    | -1,054,404        | -                | -                 | -1,054,404           |
| (6) Others                                                      | -                                         | -                        | -               | -      | -                | -               | -                    | -                 | -                | -                 | -                    |
| 4. Closing balance at 30 June 2015                              | 4,918,400                                 | -                        | 6,449,000       | -      | 1,939,077        | -               | 262,532              | 767,574           | 5,930,984        | 30,735,865        | 51,003,432           |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### STATEMENT OF CHANGES IN EQUITY OF THE PARENT COMPANY (CONTINUED)

For the six months Ended 30 June 2015

Prepared by: Yanzhou Coal Mining Company Limited

| Item                                                         | Amount for 1 January 2014 to 31 December 2014 |                          |           |   |                  |                       |                            |                   |                  |                   | Total Shareholder's equity |
|--------------------------------------------------------------|-----------------------------------------------|--------------------------|-----------|---|------------------|-----------------------|----------------------------|-------------------|------------------|-------------------|----------------------------|
|                                                              | Share capital                                 | Other equity instruments |           |   | Capital reserves | Less: Treasury shares | Other comprehensive income | Specific reserves | Surplus reserves | Retained earnings |                            |
| 1. closing balance of 2013                                   | 4,918,400                                     | -                        | -         | - | 3,759,736        | -                     | 71,560                     | 1,850,945         | 5,448,530        | 26,554,058        | 42,603,229                 |
| Add: Changes in accounting policies                          | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| Correction of prior periods errors                           | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| Others                                                       | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| 2. Beginning balance of 2014                                 | 4,918,400                                     | -                        | -         | - | 3,759,736        | -                     | 71,560                     | 1,850,945         | 5,448,530        | 26,554,058        | 42,603,229                 |
| 3. Increase/Decrease for the year (Decrease listed with "-") | -                                             | -                        | 2,485,000 | - | -1,820,659       | -                     | 68,625                     | -403,171          | 406,495          | 3,596,539         | 4,332,829                  |
| (1) Total comprehensive income                               | -                                             | -                        | -         | - | -                | -                     | 68,625                     | -                 | -                | 4,101,402         | 4,170,027                  |
| (2) Capital contribution and reduction                       | -                                             | -                        | 2,485,000 | - | -                | -                     | -                          | -                 | -                | -                 | 2,485,000                  |
| 1. Ordinary shares contributed by shareholders               | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| 2. Contributions by other equity instrument holders          | -                                             | -                        | 2,485,000 | - | -                | -                     | -                          | -                 | -                | -                 | 2,485,000                  |
| 3. Share-based payment in shareholders' equity               | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| 4. Others                                                    | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| (3) Profit distribution                                      | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | 406,495          | -504,863          | -98,368                    |
| 1. Surplus reserves                                          | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | 406,495          | -406,495          | -                          |
| 2. Distribution to owners (shareholders)                     | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -98,368           | -98,368                    |
| 3. Others                                                    | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| (4) Inter transfer of shareholders' equity                   | -                                             | -                        | -         | - | -1,820,659       | -                     | -                          | 1,820,659         | -                | -                 | -                          |
| 1. Transfer capital reserves to capital addition             | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| 2. Transfer surplus reserves to capital addition             | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| 3. Transfer surplus reserves to offset loss                  | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| 4. Others                                                    | -                                             | -                        | -         | - | -1,820,659       | -                     | -                          | 1,820,659         | -                | -                 | -                          |
| (5) Specific reserves                                        | -                                             | -                        | -         | - | -                | -                     | -                          | -2,223,830        | -                | -                 | -2,223,830                 |
| 1. Provision for current year                                | -                                             | -                        | -         | - | -                | -                     | -                          | 730,479           | -                | -                 | 730,479                    |
| 2. Utilization for current year                              | -                                             | -                        | -         | - | -                | -                     | -                          | -2,954,309        | -                | -                 | -2,954,309                 |
| (6) Others                                                   | -                                             | -                        | -         | - | -                | -                     | -                          | -                 | -                | -                 | -                          |
| 4. Closing balance at 31 December 2014                       | 4,918,400                                     | -                        | 2,485,000 | - | 1,939,077        | -                     | 140,185                    | 1,447,774         | 5,855,025        | 30,150,597        | 46,936,058                 |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### I. GENERAL

Yanzhou Coal Mining Company Limited (the “Company”) is a stock company with limited liability established in September 1997 by Yankuang Group Company Limited (the “Yankuang Group”) in accordance with the Tigaisheng (1997) No. 154 document issued by National Economic System Reform Commission of People’s Republic of China. The registered address is Zoucheng, Shandong Province. The total share capital was RMB1,670 million with par value of RMB1.00 per share upon the establishment of the Company.

As approved by Zhengweifa (1997) No. 12 document issued by Securities Committee of State Council, the Company issued H share with par value of RMB820 million to Hong Kong and international investors in March 1998. The American underwriters exercised the excessive issue option and the Company issued additional H Shares of RMB30 million. The above shares commenced trading on Stock Exchange of Hong Kong Limited on 1 April 1998, and the American Depositary Shares was traded on the New York Stock Exchange on 31 March 1998. The total share capital has changed to RMB2,520 million after this issuance. The company issued 80 million new A shares in June 1998. The above shares went public and were traded on Shanghai Stock Exchange on 1 July 1998. After multiple increased issuance and bonus shares, the share capital of the Company had increased to RMB4.9184 billion as at 30 June 2015.

The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) mainly engage in the coal mining and preparation, coal sales, cargo transportation by self-operated railways, road transportation, port operation, comprehensive scientific and technical service for coal mines, methanol production and sales, etc.

### II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of Group’s consolidated financial statements covers 16 secondary subsidiaries including Yancoal Australia Ltd., Yanmei Heze Neng Hua Co., Ltd., Yanzhou Coal Erdos Neng Hua Co., Ltd. and other companies; 22 sub-secondary subsidiaries including Austar Coal Mine Pty Ltd., Gloucester Coal Ltd. and other controlled subsidiaries.

Please refer to *Note VII. Scope changes of consolidated financial statements* and *Note VIII. Equity interests in other entities* for more details.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### III. BASIS OF PREPARATION ON FINANCIAL STATEMENTS

#### 1. Basis of preparation

The Group's financial statements have been prepared on a going concern basis and based on actual transactions and events, in accordance with Accounting Standards for Business Enterprises (referred to as "ASBEs") and other related regulations issued by the China Ministry of Finance and accounting policies and estimates stated in Principle Accounting Policies, Accounting Estimates in the Note IV.

#### 2. Going concern

With the recent history of generating profit from operation and the financial support, the Group has the capability to operate for a period of 12 months commencing the closing date of this report, and there is no significant matter which has impact on going concern. Therefore the assumption of this financial statement prepared on going concern is reasonable.

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES

#### 1. Statement of compliance with ASBES

The financial statements of the Group have been prepared in accordance with the ASBEs and presented truly and completely the Group's financial position, financial performance and cash flows and other related information.

#### 2. Accounting period

The accounting period is from 1 January to 31 December of each calendar year.

#### 3. Functional currency

The functional currency of the Company and domestic subsidiaries is Renminbi (RMB). The Company translates foreign currencies into RMB upon preparation of financial statements when overseas subsidiaries use foreign currency as functional currency (refer to Note IV. 8).

#### 4. Accounting treatment for business combinations under/not under common control

The Group, as the acquirer, recognises acquired assets and liabilities under common control at their carrying amounts in consolidated financial statements of the ultimate shareholder on the acquisition date. The difference between the carrying amount of the net assets obtained and the amount of consideration paid for the combinations adjusted to capital reserves (capital premium). If the balance of capital reserves (capital premium) is insufficient, any excess is adjusted against retained earnings.

Identifiable assets, liabilities and contingencies acquired through business combination not under common control are recognised at their fair values at the acquisition date. The cost of business combination is the sum of cash paid, fair value of non-cash assets, liabilities incurred or assumed, equity securities issued on the date of acquisition, and other direct expenses incurred in order to obtain the control over acquiree. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets after reassessment, the acquirer shall recognise the remaining difference as non-operating income in the current profit or loss.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 5. Preparation of consolidated financial statements

The Group takes all subsidiaries owning the actual controlling power into the scope of the consolidated financial statements.

If any conflicts between accounting policies or accounting period introduced in the subsidiaries and those of the Company, necessary adjustments shall be made to the financial statements of the subsidiaries according to accounting policies or accounting period adopted by the Company when preparing consolidated financial statements.

All the significant intra group transactions, balances and unrealized profits within the consolidation scope shall be eliminated upon preparation of consolidated financial statements. The portion of owner's equity of subsidiaries not attributable to parent and minority interest in current period profit and loss, other comprehensive income and total comprehensive income shall be presented in non-controlling interests, non-controlling profit and loss, other comprehensive income attributable to non-controlling shareholders and total comprehensive income attributable to non-controlling shareholders on the consolidated financial statements.

For subsidiaries acquired through business combination under common control, the operating results and cash flows shall be included in the consolidated financial statements at the beginning of the current consolidation period. Adjustments to related comparatives shall be made upon preparation of consolidated financial statements. This is to consider the consolidated financial statement to be existed since commencement of ultimate control.

Equity of invested entity under common control, acquired by steps and a business combination finally occurred, shall be adjusted upon preparation of consolidated financial statements in the condition that current situation is deemed to exist from the beginning of control commenced. Comparatives reporting date shall not be earlier than the beginning of ultimate control of the Group and acquiree takes effect. Acquiree's assets and liabilities shall be consolidated into comparatives. Increased net assets resulted from business combination shall be adjusted to relevant items in shareholders' equity of comparatives. To avoid repeated calculations on the value of net assets of the acquiree, existing profit and loss, other comprehensive income and movement on other net assets of long-term equity investment held by the Group before the combination shall be offset to opening balance of retained earnings and current profit and loss, for the period commencing from, the date on the later of original acquisition date on such long-term equity and the date of common control of the Group and the acquire takes effect, to the date of business combination.

For subsidiaries acquired through business combination not under common control, the operating results and cash flows shall be included in the consolidated financial statements at the date of the Group's acquiring of controls. Adjustments shall be made to subsidiary's financial statements based on fair value of identifiable assets, liabilities and contingencies on the date of combination, upon preparation of consolidated financial statements.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 5. Preparation of consolidated financial statements – continued

Equity of invested entity, held by the acquirer before acquisition date, not under common control acquired by steps and a business combination finally occurred, shall be re-evaluated at the fair value on the acquisition date and the difference between fair value and carrying amount shall be recognised as investment income in current period; if the related acquiree's equity held before the acquiring date contains other comprehensive income and the other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions, it shall be transferred to investment gains or losses on the date of acquisition, excluding the other comprehensive income derived from changes of net liabilities or net assets due to re-measurement on defined benefit plan by the investee.

The difference between disposal consideration of long-term equity investment in subsidiaries partially disposed by the Group without losing controls and the share of net assets calculated from the date of acquisition or combination date shall be adjusted to capital premium or share premium. Adjustments shall be made to retained earnings in the event that capital reserves are not sufficient.

When the Group loses the controls over the investee due to partially disposal of equity investment and other reasons, the remaining equity shall be re-measured in accordance with the fair value on the date of losing control upon preparation of the consolidated financial statements. The amount of the sum of the consideration obtained from equity disposal and the fair value of remaining equity deducting the difference between shared net asset of original subsidiaries that were started to be calculated on the acquisition date or merging date, shall be recorded as investment gain or loss in the period of losing control, and a written down to goodwill shall be made at the same time. Other comprehensive income related to former equity investment in subsidiaries shall be recognised as current investment income upon losing of controls.

For the Group's disposal on the subsidiaries' equity investment by steps until the loses of controls, if transactions in disposal of subsidiaries' equity investment until losing control are in a package deal, each transaction shall be treated as one transaction of disposal on subsidiaries and loses of control; but the difference between considerations from each disposal of investment and shared net asset of the subsidiary before losing controls shall be recognized as other comprehensive income in the consolidated financial statements, and transferred to investment income for the period of losing controls.

#### 6. Classifications of joint arrangement and accounting treatment of common cooperation

The joint arrangement of the Group includes common operations and joint ventures. For common operation projects, as a joint operation party the Company recognises assets and liabilities solely held by the Group and assets and liabilities held on proportion. Revenue and expenses solely or proportionally recognised in accordance with relevant agreements. Transactions on asset purchase or sales with joint ventures that do not form normal business activity shall only recognise parts of profits and losses generated in above transactions belonging to other joint operation parties.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 7. Cash and cash equivalents

Cash in cash flow shall be cash on hand and deposits available for payment at any time. Cash equivalents in cash flow shall be investments which shall be short-term (normally become due within 3 months after purchasing date), highly liquid, readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

#### 8. Foreign currency and the translation of financial statements denominated in foreign currency

##### (1) Foreign currency transaction

The Group's foreign currency transactions shall be converted to RMB at the spot exchange rate of the day when the transaction occurs. At the balance sheet date, foreign currency monetary items shall be translated to RMB using the spot exchange rate of the day. Exchange differences arising shall be recognized in profit or loss for the current period, except for the exchange differences arising on the borrowing costs eligible for acquisition, construction or production of assets which shall be qualified for capitalization.

##### (2) Translation of financial statements denominated in foreign currency

The asset and liability items on the balance sheet of foreign currency shall be converted to RMB at the spot exchange rate of the balance sheet date; other items shall be converted at the spot exchange rate of the day when the transaction occurs, except retained earnings on shareholders' equity. The revenue and expense items on the income statement of overseas subsidiaries shall be converted to RMB at the approximate rate (average rate of the year) of the spot exchange rate of the day when the transaction occurs. Exchange differences arising from the above issues shall be presented separately under the shareholders' equity items. When overseas operating units shall be disposed, then the relevant exchange differences shall be transferred from shareholders' equity to current disposal income or expense.

Foreign exchange gain or loss from net foreign investments to overseas operating subsidiaries in foreign currencies, presented in functional currency of the parent or subsidiary, shall be recognised as other comprehensive income; foreign exchange gain or loss presented in currencies other than functional currency of the parent or subsidiary shall be offset each other by parent and subsidiary, and remaining difference shall be recognised as other comprehensive income.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 9. Financial assets and financial liabilities

The Group recognises a financial asset or liability when it enters a financial instrument contract.

##### (1) Financial assets

###### 1) *Financial assets by category and recognition and measurement*

According to investment objectives and economic essence, the Company's financial assets shall be classified as financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments, receivables and available-for-sale (AFS) financial assets.

Financial assets at fair value through profit or loss include trading financial assets and the financial assets designated as, when initially recognized, the financial assets measured at fair value and its movement recorded through profit and loss. A financial asset is classified as held for trading if it is: acquired or incurred principally for the purpose of selling or repurchasing it in the near term; part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or a derivative except for a derivative that is a designated and effective hedging instrument, a financial guarantee contract, a derivative settled by giving out the equity instrument and pegged with the equity investment that is not quoted in an active market and whose fair value cannot be reliably measure. Financial assets are designated at fair value through profit or loss upon initial recognition when: the designation eliminates or significantly reduces an accounting mismatch in the gain and loss recognition arising from the difference in measurement basis of the financial assets or financial liabilities; risk management of the Group and formal written documents regarding the investment strategy indicate that the financial assets are managed, evaluated and reported internally on a fair value basis; or if a contract contains one or more embedded derivatives, an entity may designate the entire hybrid (combined) contract as a financial asset or financial liability at fair value through profit or loss unless: the embedded derivative(s) does not significantly modify the cash flows that otherwise would be required by the contract; or it is clear with little or no analysis when a similar hybrid (combined) instrument is first considered that separation of the embedded derivative(s) is prohibited. Fair value is adopted as the method for subsequent measurement on these financial assets. Movement of fair value is accounted for profit or loss from change in fair value. Interest or cash dividends earned with the holding period are recognized as investment income or loss with adjustment on profit or loss from change in fair value.

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments for which management has both positive intention and ability to hold to maturity. Held to maturity investment is subsequently measured under amortized costs on actual interest rate. Its amortization, impairment, and gain or loss from de-recognition is recognised as profit or loss of the current year.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are subsequently measured under amortized costs on actual interest rate. Its amortization, impairment, and gain or loss from de-recognition is recognised as profit or loss of the current year.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 9. Financial assets and financial liabilities – continued

##### (1) Financial assets – continued

###### 1) *Financial assets by category and recognition and measurement – continued*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified as financial assets of any other class at initial recognition. For equity instruments which do not have quotations in active market and the fair values of which cannot be reliably measured and linked to that equity instrument, and derivatives linked to such equity instrument and settled through delivery of such equity instrument, will be measured at cost. Other equity instrument which do not have quotations in active market but the fair values of which can be reliably measured is measured by fair value of which the change will be recognized as other comprehensive income. Except for exchange of impairment loss and exchange gain or loss arising from foreign currency monetary financial assets, changes in fair value of available-for-sale financial assets are directly recorded in shareholders' equity. Until such financial assets are derecognized, the accumulated change in the amount of fair value previous recorded in equity is transferred to the profit and loss account for the period. Interests for the period in which the assets are held are calculated using the effective interest method is charged to profit or loss for the period as 'Investment income'. Cash dividends declared by the investee company relating to available-for-sale equity instruments are charged to profit or loss for the period as 'Investment income'. Instruments that do not have quotation in an active market and fair values cannot be reliably measured shall be measured at cost.

###### 2) *Recognition and measurement of financial assets transfers*

A financial asset is derecognised when any one of the following conditions is satisfied: i) the rights to receive cash flows from the asset expire, ii) the financial asset has been transferred and the Group transfers substantially all risks and rewards relating to the financial assets to the transferee, iii) the financial asset has been transferred to the transferee, the Group has given up its control of the financial asset although the Group neither transfers nor retains all risks and rewards of the financial asset.

Where an entity neither transfers nor retains substantially all risks and rewards of financial asset and does not give up the control over such financial asset, then the entity recognises such financial asset to the extent of its continuous involvement and recognises the corresponding liabilities.

In the case where the financial asset as a whole qualifies for the de-recognition conditions, the difference between the carrying value of transferred financial asset and the sum of the amount received for transfer and the accumulated amount of changes in fair value that was previously recorded under other comprehensive income is charged into profit or loss for the period.

In the case where only part of the financial asset meets the criteria for de-recognition, the carrying amount of financial asset being transferred is allocated between the portions that to be derecognised and the portion that continued to be recognised according to their relative fair value. The amount of consideration received for the transfer and the accumulated amount of changes in fair value that was previously recorded in other comprehensive income of the part qualifies for de-recognition and the above-mentioned allocated carrying amount is charged to profit or loss for the period.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 9. Financial assets and financial liabilities – continued

##### (1) Financial assets – continued

###### 3) *Test and accounting treatment on impairment of financial assets*

The Group assesses the carrying amount of financial assets, other than those at fair value through profit and loss, at the balance sheet date. Impairment of financial assets is accrued when there is objective evidence that a financial asset is impaired.

If there is objective evidence indicating that the value of the financial asset is recovered and recovery is related objectively to events occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit and loss for the period.

When there is a significant or prolonged decline in the fair value of available-for-sale financial assets, the accumulated losses in fair value that was previously directly recorded in shareholder's equity are transferred out and recognised as impairment losses. For the available-for-sale investment on debt instruments which impairment losses have been recognised, if in subsequent period, its fair value increases and the increase is objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previous recognised impairment loss is reversed into profit or loss for the period. For an investment in an equity instrument classified as available-for-sale equity on which impairment loss has been recognised, the increase in its fair value in a subsequent period is directly charged into shareholders' equity.

##### (2) Financial liabilities

###### 1) *Classification, reorganization and measurement of financial liabilities*

Upon initial recognition, financial liabilities shall be classified as either financial liabilities at fair value through profit or loss (FVTPL) or other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as fair value through profit or loss on initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value, dividends and interest paid related to such financial liabilities are recorded in profit or loss for the period in which they are incurred.

Other liabilities are subsequently measured at residual cost using the effective interest rate method

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 9. Financial assets and financial liabilities – continued

##### (2) Financial liabilities – continued

###### 2) *De-recognition of financial liability*

A financial liability is derecognised when the underlying present obligations (or part of those obligations) are discharged. Existing financial liability is derecognised and new financial liability is recognised when the Group enters an agreement with its debtor to replace existing liability with a new financial liability and the contractual terms on new financial liability are different with the existing one. An existing financial liability is fully or partially de-recognised and a new financial liability is recognised when the Group significantly amends all or part of contractual terms on existing financial liability. The difference between consideration paid and the carrying amount of de-recognised financial liability is recorded as current profit or loss.

##### (3) Method of fair values recognition of financial assets and financial liabilities

Fair values on financial assets and liabilities are determined by prices existed in major markets. Where there is no major market the most beneficial market prices together with then available and sufficient data and other evaluation technology supporting information are used to determine fair values of financial assets and liabilities. Input data for determining fair values has three layers, the first layer is the available unadjusted price for a same asset or liability on the date of evaluation in an active market; the second layer is the direct or indirect visible input data related to the same asset or liability apart from data in the first layer; the third layer is the invisible input data related to the same asset or liability.

#### 10. Provision for bad debt provisions on account receivables

The Group recognises bad debts when the following conditions are met: the debtors are dissolved, bankrupt, insolvent, in significant difficulty in cash flows or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; or debtors are defaulted for repayment more than three years; or there are conclusive evidences indicating the debts are not recovered or not likely to be recoverable.

Provision for bad debts is made using allowance account method. At the balance sheet date, receivables are assessed for impairment on individual or portfolio basis. Provision for bad debts is recognised in the profit or loss for the period. When there are objective evidences indicating the receivable are considered not recoverable, it is written off against the allowance account in accordance with the approval procedures of the Group.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 10. Provision for bad debt provisions on account receivables – continued

##### (1) Accounts receivable that are individually significant and individually provided for bad debts

The basis or standard for determining the significant level of individual receivable      Consider individual receivables above RMB20 million as significant amount

Provision-making Method on individual receivables above significant level      The provision of bad debts is made according to the difference between the present value of future cash flows and the carrying amount of receivables

##### (2) Receivables that are provided for bad debts on portfolio basis of risks

###### The basis of portfolio

Aging group      Use the aging of the receivables as the credit risk characteristics to classify the portfolio

Risk-free group      Use the amount characteristics of the receivables, the relation with transaction party and its credit as characteristics to classify the portfolio

###### The accrual method

Aging group      Provision for bad debt made by aging analysis

Risk-free group      Not provision for bad debt

The percentage of bad debt provision is as followings according to aging:

| Aging         | Accrual percentage<br>of the receivables | Accrual percentage<br>of other receivables |
|---------------|------------------------------------------|--------------------------------------------|
| Within 1 year | 4%                                       | 4%                                         |
| 1-2 years     | 30%                                      | 30%                                        |
| 2-3 years     | 50%                                      | 50%                                        |
| Over 3 years  | 100%                                     | 100%                                       |

##### (3) Accounts receivable that are individually insignificant but are provided for bad debts on individual basis

Reason for accruing provision of bad debts individually      Individual receivables below significant level whereby the combined method does not reflect its risk characteristics

Method for provision of bad debts      Provision for bad debts is made using the difference between the present value of future cash flows and the book value of receivables

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 11. Inventories

The Group's inventory includes raw materials, coal stock, methanol, real estate, real estate development cost and low value consumables etc.

The Group maintains a perpetual inventory system. Inventories are recorded at actual cost of purchase. Cost is calculated using weighted average method when the inventories are issued or consumed. Real estate development cost is measured at the actual cost of land, building, facilities, out sourced construction and public facilities. Actual cost on developing real estate projects is recognized as real estate upon completion.

Closing balance on inventories is measured at the lower of cost and net realizable value. If the inventories are damaged, become partially or completely obsolete or sold at price lower than the cost, unrecoverable cost shall be estimated and recognized as a provision for decline in value. The excess of cost over the net realizable value is generally recognized as provision for impairment of inventories on a separate inventory item.

Net realizable value of inventories directly for sale, such as coal, methanol, real estate, and materials for sale, is the estimated selling price less the estimated costs necessary to make the sale and other related taxes; Net realisable value of material stocks for product is the estimated selling price less the estimated costs, the estimated marketing cost and other related taxes of the finished production occurred.

#### 12. Long-term equity investments

Long-term equity investments mainly include investment to subsidiaries, joint ventures and associates.

The Group judges a joint control exists when all parties or groups of parties control that arrangement unilaterally and decisions relating to the basis operating activity of the entity require the unanimous consent of the parties sharing the control.

The Group holds, directly or through subsidiaries, more than 20% (including 20%) but less than 50% of the voting power of the investee, it is presumed that the Group has significant influence. When the Company holds less than 20% of the voting power of the investee, significant influence shall be considered under actual fact and circumstances such as there is a delegate of the investor in the investee's the Board of Directors and other similar power bodies, the investor gets involved in investee's financial and operating policies decision-making process, there are significant transactions occurred between the investor and the investee, the investor assigns management personnel in the investee and the investor provides key technical support to the investee.

When control exists the investee becomes a subsidiary of the Group. The investment cost for long-term equity investment acquired through business combination under common control is the carrying value of the share of equity at the combination date in the acquired company. The investment cost is recorded as zero when the carrying amount of the share of equity at the combination date in the acquired company is in deficit.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 12. Long-term equity investments – continued

For the Group's disposal on the subsidiaries' equity investment under common control by steps until the loses of controls, if transactions in disposal of subsidiaries' equity investment until losing control are in a package deal, each transaction shall be treated as one transaction for obtaining control; if it's not a package deal, on the date of combination, the initial cost of long-term equity investment shall be recognised at the share of carry amount of net assets for the acquiree in the consolidated financial statements of the ultimate controller after combination. The difference between initial cost and sum of carry amount of long-term equity investment before combination and consideration paid for obtaining new shares upon combination shall be adjusted to capital reserve; in case that capital reserve is insufficient, it shall be offset to retained earnings.

The investment cost for long-term equity investment acquired through business combination not under common control is the cost of business combination.

For the Group's disposal on the subsidiaries' equity investment under common control by steps until the loses of controls, if transactions in disposal of subsidiaries' equity investment until losing control are in a package deal, each transaction shall be treated as one transaction for obtaining control; if it's not a package deal, on the date of combination, the initial cost of long-term equity investment shall be recognised at the sum of carrying amount of existing investment and additional cost of investment. Equity acquired before the date of combination shall be accounted on equity method; no adjustment shall be made to other comprehensive income related to existing items accounted on equity method. The same accounting treatment shall be applied upon disposal of such investment, where the investee disposes related assets or liabilities. Equity held before business combination shall be treated as available for sale financial assets and measured at fair value; accumulated movement on fair value previously recorded as other comprehensive income shall be transferred to current investment income on the date of combination.

Apart from the long-term equity investments acquired through business combination mentioned above, the cost of investment for the long-term equity investments acquired by cash payment is the amount of cash paid. For long-term equity investment acquired by issuing equity instruments, the cost of investment is the fair value of the equity instrument issued. For long-term equity investment injected to the Group by the investor, the investment cost is the consideration as specified in the relevant contract or agreement; initial cost of long-term equity investment acquired through exchange of non-monetary items and debt restructuring shall be recognised according to relevant accounting policies.

Investments in subsidiaries are accounted for by the Group using cost method and equity method is used for investment in joint ventures and associates.

Additional investments to long-term equity investments subsequently accounted on the cost method are measured to increase its carrying amount on the fair value of the additional cost and other transaction related expenses occurred. Dividends declared or profit distributed by the investee shall be recognised as investment income in the current period.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 12. Long-term equity investments – continued

The carrying amount of long-term investment subsequently accounted on the equity method shall be adjusted to increase or decrease according to the movement of owner's equity of the investee. In determining the share of net profit from the investee, according to the Group's accounting policies and accounting period, adjustments shall be made towards the net profit based on fair values of all identifiable assets at the time of acquisition after eliminating proportioned profit or loss attributable to the investor resulted from intergroup transactions between joint venture and associates, before recognising net profit from the investee.

If the long-term equity investment is disposed different between the actual consideration received and the carrying amount should be recognized as investment income for current year. For long-term investment accounted under equity method, the amount originally recognized as equity due to other change except for investee's net profit or loss should be proportionally transferred into current profit and loss when the long-term investment is disposed.

If the control or significant influence on the investee lost due to disposal of partial equity investment, the remaining equity after disposal shall be accounted as available for sale financial assets; the difference between fair value and carry amount of the remaining equity shall be recognised as the current profits and losses at the date when the common control or significant influence lost. The same accounting treatment shall be applied to other comprehensive income recognised due to original equity investment accounted on equity method when equity method is terminated, where investee disposes related assets or liabilities.

If the common control on the invested entity lost due to disposal of partial long-term equity investment, and the remaining equity after disposal has common control or significant influence on the investee, the equity method shall be applied alternatively. The difference between the carrying amount of the disposed equity and consideration shall be recognised as the investment income, and the remaining equity shall be adjusted by equity method since initial acquisition. If the remaining equity after disposal does not have common control or significant influence on the investee, it shall be treated with related accounting policies as available for sale financial assets. The difference between the carry amount of disposed equity and consideration shall be recognised as investment income, and the difference between the fair value and carrying amount of the remaining equity shall be recognized as the current profits and losses at the date when the common control or significant influence is lost.

The Group's disposal of equity by steps until loss of control that are not in a package deal shall be treated individually. Disposal transactions that are in one package deal shall be treated as one transaction. But the difference between consideration for each disposal transaction and the carrying amount of long-term equity investment that has disposal before the loss of controls shall be recognised as other comprehensive income; it shall be transferred to profit and loss in the period when loss of control occurs.

#### 13. Fixed assets

The Group's fixed assets are tangible assets that are held for production or operation, and have a service life more than one accounting year.

Fixed asset is recognised when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The Group's fixed assets consist of buildings, mine buildings, ground buildings, harbour works and craft, plant, machinery and equipment, transportation equipment, and land etc.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 13. Fixed assets – continued

part from those fixed assets that are fully depreciated but still in use, as well as land separately recognised, the Group depreciates all fixed assets on a straight-line basis, except mining structures are depreciated on the estimated production capacity method. Useful life, estimated residual value, depreciation rate of fixed assets are as the following:

| No. | Category                       | Useful life (years) | Estimated residual value rate (%) | Annual depreciation rate (%) |
|-----|--------------------------------|---------------------|-----------------------------------|------------------------------|
| 1   | House Buildings                | 10-30               | 0-3                               | 3.23-10.00                   |
| 2   | Ground buildings               | 10-25               | 0-3                               | 3.88-10.00                   |
| 3   | Port works and vessels         | 40                  | 0                                 | 2.50                         |
| 4   | Plant, machinery and equipment | 2.5-25              | 0-3                               | 3.88-40.00                   |
| 5   | Transportation equipment       | 6-18                | 0-3                               | 5.39-16.67                   |

The vessels of Shandong Yancoal Shipping Co., Ltd. are depreciated over 18 years. All the other transportation equipments are depreciated over 6 to 9 years.

Land category refers to that of overseas subsidiaries and no depreciation is provided for as the subsidiaries enjoy the permanent ownership.

Leased assets are depreciated during shorter of estimated useful life and lease period.

The Group shall review useful lives and estimated net residual value of fixed asset and the depreciation method at least once a year.

A change in the useful life or estimated net residual value of a fixed asset or depreciation method shall be treated as a change in an accounting estimate.

Regarding to the financial leased fixed assets, the value lower between the fair value of the rental assets and the current value of the minimum rental payment shall be recognized as the entry value of the rental assets. The difference between the entry value of the rental assets and the minimum rental payment shall be recognized as the financing costs.

The depreciation policy applied for financial leased fixed assets is the consistent with the depreciation policy for self-owned fixed assets. If it can be confirmed reasonably that the ownership of the rental assets can be obtained when the rental term expires, the depreciation of the rental fixed assets shall be implemented within service life; otherwise, the depreciation shall be implemented in the shorter period between the leasing term of the rental fixed assets and the estimated service life of the rental fixed assets.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 14. Construction in progress

The construction in progress shall be transferred to the fixed assets from the date of starting its estimated usable condition based on their construction budget, construction pricing or project actual cost and so on, and its depreciation will begin from the next month. The difference of the fixed assets original values shall be adjusted upon the resolution procedures of the project completion.

#### 15. Borrowing costs

Assets eligible for capitalization represent the fixed assets, investment properties, inventories, etc., which shall take a long time (generally over one year) for acquisition, construction or production to be ready for the specific use or sale. If an asset eligible for capitalization is interrupted abnormally and continuously more than 3 months during the purchase, construction or production, capitalization of borrowing costs shall be suspended until the above interrupted activities restart.

The amount of interest of specific borrowings occurred for the period shall be capitalized after deducting bank interest earned from depositing the unused borrowings or any investment income on the temporary investment. The capitalized amount of general borrowings shall to be determined at the basis that the weighted average (of the excess amounts of cumulative assets expenditures above the specific borrowings) times capitalization rate (of used general borrowings). The capitalization rate shall be determined according to the weighted average interest rates of general borrowings.

#### 16. Intangible assets

The intangible assets of the Company include mining rights, unproved mining interests, the land use rights, patents and exclusively used technologies etc. For purchased intangible assets, actual paid cost and other relevant expenses are used as the actual cost. For intangible assets invested by investors, the actual cost is determined according to the values specified in the investment contract or agreement, while for the unfair agreed value in contract or agreement, the actual cost is determined at the fair value. Intangible assets acquired in a business combination out of the common control, which are owned by the acquirer but not recognized in the financial statements, shall be recognized as the intangible assets at their fair value when the acquiree's assets are initially recognized.

Cost of mining rights is amortized over the life of the mine on a unit of production basis of the estimated total proven and probable reserves. Productivity method is used based on the Australia Joint Ore Reserves Committee (JORC) reserves for subsidiaries in Australia.

Unproved mining interests represent the fair value of economically recoverable reserves (excluding the portion of total proven and probable reserves of coal mines of a mining right i.e. does not include the above coal reserves) of coal mines of a mining right (Details are set out in the accounting policy of exploration and evaluation expenditure).

The land use rights are evenly amortized over the transferred term since the rights are obtained.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 16. Intangible assets – continued

The patented technologies, non-patented technologies and other intangible assets with limited life shall be amortized under the shortest among expected useful life, beneficial life agreed by contracts, and legally required useful life in composite life method. The patented technologies, non-patented technologies and other intangible assets with unsure life shall not be amortized and are tested for impairment at the end of each period.

The useful life and the amortization method of intangible asset with a finite useful life shall be reviewed at the end of each financial year. A change in the useful life or amortization method shall be treated as a change in an accounting estimate. The useful life of an intangible asset with indefinite useful life shall be re-assessed in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the useful life of that asset shall be estimated and applies to accounting requirements of the Standard accordingly.

#### 17. Exploration and evaluation expenditures

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 capitalized or temporarily capitalized where the mining rights 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.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing of capitalization forward costs in relation to that area of interest. Accumulated expenditure in relation to an abandoned area are written-off in full in the period in which the decision to abandon the area is made. The carrying amount of exploration and evaluation assets is assessed for impairment when facts or circumstances indicate the carrying amount of the asset may exceed recoverable amount.

When production commences, accumulated costs for the relevant area of interest are amortized over the life of the area according to the rate of depletion of the economically recoverable reserves.

Exploration and evaluation expenditure acquired in a business combination are recognised at fair value on the date of acquisition, which is the fair value of potential economically recoverable reserves at the acquisition date, and shown as unproved mineral interests.

Exploration and evaluation expenditure shall be recognised as fixed assets (refer to Note IV. 13), construction in progress (refer to Note IV. 14) or intangible assets (refer to Note IV. 16) based on its assets character.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 18. Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that the long-term equity investments, investment property, fixed assets, construction in progress and intangible assets with definite useful life may be impaired. When there are signs of impairment, the asset will be tested for impairment. Goodwill arising in a business combination and intangible asset with infinite useful life are tested for impairment annually no matter there is any indication of impairment or not. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount is determined on the basis of the asset groups or asset portfolio to which the asset belongs.

If the carrying amount exceeds recoverable value after test of impairment, the excess will be recognized as impairment loss which is not allowed to reverse in the subsequent accounting period.

The indications of impairment are as follows:

- (1) The market price of an asset declines substantially during the period. The decline is explicitly more than that as expected caused by passage of time or normal application;
- (2) There are significant changes in the economic, technical or legal environment in which the enterprise is operating and in the market of an asset in the current period or in the near future causing an adverse impact on the enterprise;
- (3) The market interest rate or rate of return of other investments was increased in the current period that affects the discount rate used by enterprise to calculate the present value of estimated cash flow resulting in a substantial decline in the recoverable amount of the assets;
- (4) There is evidence to demonstrate that the asset has gone obsolete or damaged;
- (5) The asset has already been or will be left idle, retired or disposed before it was planned;
- (6) There is evidence from the entity's internal reports that economic returns of the asset, such as generation of net cash flows or realisation operating profit (loss), was lower or will be lower than expectation;
- (7) Other signs indicating the assets have been impaired.

#### 19. Goodwill

Goodwill is the excess of equity investment cost or business combination cost not under common control over fair value of the identifiable net asset of acquiree shared or acquired through business combination on the acquisition date or combination date.

Goodwill related to subsidiaries shall be disclosed separately on the consolidated financial statements; goodwill related to joint operation and joint ventures shall be included as long-term equity investment.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 20. Long-term deferred expenses

The Group's long-term deferred expenses means mining rights compensations, but which should be undertaken in more than 1 year of amortization period (not including 1 year) of the current and future periods, the expenses shall be amortized averagely in the benefit period. If the project of long-term deferred expenses cannot make benefit in the future accounting periods, the unamortized value of the project will be transferred to the profits or losses for the period.

#### 21. Employee benefits

Employee's benefits include short-term remuneration, post-employment benefits, layoff benefits and other long-term benefits.

The short-term compensation includes wages and salary, bonus, Allowances and subsidies, welfare expenses, medical insurance premiums, industrial injury insurance premiums, birth insurance premiums, housing fund, labour union dues, employee education fund, paid short-term absence and others. In the accounting period in which an employee has rendered service to the Group, the Group shall recognize the employee benefits payable for that service as a liability, and recorded into related assets or current profit or loss in accordance with the objects that benefited from the service rendered by employees.

Welfare after departure mainly includes the basic endowment insurance, enterprise annuity payment, etc., In accordance with the risks and obligations undertaken by the Group, the welfare after departure is classified as defined contribution plans and defined benefit pension plans. For the defined contribution plans, the Group shall recognize the sinking fund paid to individual entity as a liability in exchange of services from the employee in accounting period, and recorded into related assets costs or current profits or losses in accordance with the benefit objects.

The termination benefits are raised from the compensations due to the termination of employment relationship. The employee compensation liabilities raised from termination benefits shall be confirmed on the date of balance sheet, and recognized as the current profits and losses.

Other long-term benefits are employment benefits other than short-term benefits, post-employment benefits and termination benefits.

#### 22. Contingent liability

The Group recognizes it as a provision when an obligation related to an contingency such as reclamation, disposal and environment restoring caused by mining, external guarantee, pending litigation or arbitration, product quality warranty, downsizing scheme, loss contract, restructuring obligation and so on satisfy all of the following conditions: The obligation is a present obligation of the Group; It is probable that an outflow of economic benefits from the Group will be required to settle the obligation; The amount of the obligation can be measured reliably.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 22. Contingent liability – continued

The estimated liability is primarily measured according to the estimated optimal value paid to implement the relevant present obligations considering the factors such as the risks, uncertainties and currency time values related to the contingencies. If the currency time value has major effects, the estimated optimal value is determined after the discounting of the relevant future cash flow. If any change happens to the estimated optimal value during reviewing the carrying amount of the estimated liabilities on the balance sheet date, the adjustment will be made to the carrying amount to reflect the current estimated optimal value.

#### 23. Overburden in advance

Overburden in advance of open cut coalmine comprises the accumulation of expenditures incurred to enable access to the coal seams, and includes direct removal costs and machinery and plant running costs. The overburden in advance that can improve future mining capacity and meet special standards will be recognized as current assets (stripping assets). The rest of overburden in advance will be accounted to the current operating cost and be transferred to inventory.

The overburden in advance which can improve future mining capacity and be recognized as current assets must meet all the following conditions: Associated economic benefits are likely to flow into the enterprise; Enterprise can identify ore body constituent parts of which future mining capacity have been improved; Overburden in advance for the constituent part of ore body can be reliably measured.

Stripping assets should be recognized as the part of its related mineral assets.

Stripping assets are classified into tangible assets and intangible assets based on the nature present assets comprised by the related stripping assets. If stripping assets and inventory cannot be independently identified, overburden in advance should be distributed in stripping assets and inventory according to corresponding production standards.

Stripping assets will be depreciated in the remained service life of related identified ore body parts.

#### 24. Land subsidence, restoration, rehabilitation and environmental costs

The mining activities of the Group and the domestic subsidiaries may cause land subsidence of the underground mining sites. Usually, the Group may relocate inhabitants from the land above the underground mining sites prior to mining those sites and compensate the inhabitants for losses or damages from land subsidence. Depending on the experience, the management estimate and accrue an amount of payments for restoration, rehabilitation and environmental protection of the land, which may arise in the future after the underground sites have been mined.

In consideration of the time difference between the payments of the fees for relocation, restoration, rehabilitation and environmental protection of the land and the mining of underground mines, the Group charges the prepayment of such fees regarding to future mining as a current asset. Caused by the paid amount less than the accrued amount, the fees regarding to future payment for relocation, restoration, rehabilitation and environmental protection of the land are accounted for as a current liability.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 25. Special reserves

##### (1) Maintenance fees

Pursuant to the rules and regulations jointly issued by Ministry of Finance, State Administration of Coal Mine Safety and related government authorities in the PRC, the Company has to accrue production maintenance expenses (Maintenance fee) for maintaining production and technical improvement of coal mines. Accrual standard for various companies is as the following:

| Company Name                                            | Standard   |
|---------------------------------------------------------|------------|
| The Company and its subsidiaries in Shandong and Shanxi | RMB6/Ton   |
| Subsidiaries of the Company in Inner Mongolia           | RMB6.5/Ton |

##### (2) Production safety expenses

In accordance with the regulations of the Ministry of Finance, the State Administration of Work Safety, the State Administration of Coal Mine Safety and local government departments, the Company also accrues for production safety expensed and for purchase of coal production equipment and safety expense of coal mining structure. Accrual standard for various companies is as the following:

| Company name                                  | Standard  |
|-----------------------------------------------|-----------|
| The Company and its subsidiaries in Shandong  | RMB15/Ton |
| Subsidiaries of the Company in Inner Mongolia | RMB15/Ton |
| Subsidiaries of the Company in Shanxi         | RMB30/Ton |

Note: Accrual standard of production safety for subsidiaries of the Company in Shanxi was RMB50/Ton before 1 October 2013 and RMB30/Ton after 1 October 2013.

The above accrued amounts, which have been charged in cost and unused, shall be presented separately in special reserves of shareholders' equity. Production safety expenses, which belong to cost of expenses, directly offset the special reserves. The accrued production safety expenses, which is used by enterprises and formed into fixed assets, shall be charged in "construction in progress", and recognised as fixed asset when safety project is completed and reaches the expected operation condition; meanwhile, offset the special reserves according to the cost forming into fixed asset, and recognise the same amount of accumulated depreciation. This fixed asset shall no longer accrue depreciation in the following period.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 25. Special reserves – continued

##### (3) Shanxi coal mines switching to other business development fund

Pursuant to Shanxi Coal Mine Switching to Other Business Development Fund Provision and Use Management Methods (Pilot) (Jinzhengfa [2007] No.40), since May 1, 2008, the subsidiary Shanxi Heshun Tianchi Energy Co., Ltd. accrues RMB5 per ton ROM for Coal Mine Switching to Other Business Development Fund.

According to Notice on the issuance of the province to further promote the development of coal economy sustainable growth measures (Jinzhengfa [2013] 26), Coal Mine Switching to Other Business Development Fund was suspended.

##### (4) Shanxi environment management guarantee deposit

Pursuant to Notice of Provision and Use Management Method of Shanxi Coal Mine Environment Rehabilitation Management Guarantee Deposit (Pilot) (Jinzhengfa [2007] No.41) issued by Shanxi Provincial People's Government, the subsidiary Shanxi Heshun Tianchi Energy Co., Ltd. Accrues RMB10 per ton ROM for the Environment Rehabilitation Management Guarantee Deposit since May 1, 2008. The provision and use of the deposit will abide by the following principals of "owned enterprises, used only for special purpose, saved in special account and supervised by government".

According to the Issuance Notice of Leading to Further Promotion of the Development of the Province's Coal Economy to Achieve Sustainable Growth Mode Measures (Jinzhengfa [2013] No.26), the environment rehabilitation management guarantee deposit was suspended.

#### 26. Preferred shares, perpetual bond and other financial instruments

The preferred shares, perpetual bond classified as debt instruments shall be measured initially according to its fair value amount after the deduction of the transaction costs, and its subsequent measurement shall be implemented using the effective interest method according to the amortised costs. Its interest or dividend distribution is processed as the borrowing costs for processing, and its profits and losses rose from repurchasing or redemption shall be recognized as the profit or loss.

The preferred shares, perpetual bond classified as debt instruments increases the owner's equity after deduction of the transaction costs from the consideration received on date of issuance. Its interest or dividend distribution is processed as the profit distribution, and its repurchasing or write-off shall be processed as the equity changes.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 27. Principles of revenue recognition

(1) **Principles:** The business revenues are generated mainly from sales of goods, rendering of services and alienating the right to use assets. The principles of revenue recognition are as follows:

1) *Revenue from sales of goods*

Revenue is recognized when the Group has transferred to the buyer the main risks and rewards of ownership of the goods, neither retains continuing management usually associated with ownership nor effectively controls over the goods sold, and the amount of revenue can reliably measured, the associated economic benefits are likely to flow into the enterprise, and the related to costs incurred can be reliably measured.

2) *Revenue from rendering of services*

When the provision of services is started and completed within the same accounting year, revenue is recognized at the time of completion of the services. When the provision of services is started and completed in different accounting years and the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognized at the balance sheet date by the use of the percentage of completion method.

3) *Revenue from alienating the right to use assets*

The revenue is recognized when the Company has received the economic benefits associated with the transaction, and can reliably measure the relevant amount of revenue.

(2) **Policies**

1) The Group has transferred to the buyer the main risks and rewards of ownership of the coal, methanol, heat, auxiliary materials and other sales revenue. The Group neither retains continuing management usually associated with ownership, nor effectively controls over the goods sold.

2) Electricity sales revenue is recognized when transmitting power to power companies. The revenue is measured by the amount of power and the appropriate electricity price settled by related power companies.

3) The Group recognizes revenue from the sales of products in development when: 1. Development is completed and qualified for acceptance; 2. Legal force is binded by sales contract signed; primary risk on ownership and compensation of the product are transferred to buyers; 3. The Group maintains no management or control on the products that are already sold.

4) Revenue of railway and maritime transportation and other services are recognized when the services are completed.

5) Interest revenue is measured by the period of cash borrowings and the actual interest rates.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 28. Government grants

Government grants are recognized when there is reasonable assurance that the grants will be received and the Company is able to comply with the conditions attaching to them.

Government grants in the form of monetary assets are recorded based on as the amount received, whereas quota subsidies are measured as the amount receivable. Government grants in the form of non-monetary assets are measured at fair value or nominal amount (RMB1) if the fair value cannot be reliably obtained.

Government grants received in relation to assets are recorded as deferred income, and allocated in the income statement over the assets' useful lives. Government grants received in relation to revenue are recorded as deferred income, and recognised as income in future periods as compensation when the associated future expenses or losses arise; or directly recognised as income in the current period as compensation for past expenses or losses.

#### 29. Deferred income tax assets and liabilities

The deferred income tax assets and liabilities are recognized based on the differences arising from the difference between the carrying amount of an asset or liability and its tax base (temporary differences). For any deductible loss or tax deduction that can be deducted the amount of the taxable income the next year according to the taxation regulations, the corresponding deferred income tax asset shall be determined considering the temporary difference. For the temporary difference formed by the initial recognition of the assets or liabilities generated from non business combination transactions, which does not affect accounting profit or taxable income amount (or the deductible loss), the corresponding deferred income tax assets and deferred income tax liabilities shall not be recognized. On the balance sheet date, the deferred income assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

The Group recognized the deferred income tax assets with the limitation of the future taxable income amounts, which is likely to be obtained sufficiently to deduct the deductible the temporary difference, deductible losses and tax deduction.

#### 30. Leases

The Group classifies the leases into financing lease and operating lease on the lease beginning date.

Financing lease is a lease that substantially transfers all the risks and rewards incident to ownership of an assets. On the lease beginning date, as the leaseholder, the Company recognizes the lower of fair value of lease assets and the present value of minimum lease payment as financial leased fixed assets; recognizes the minimum lease payment as long-term payable, and recognizes the difference between the above two as unverified financing costs.

As the leaseholder, the Company records lease payments into the related assets cost or the profit or loss for the period on a straight-line basis over the lease term and; records lease income into revenue in the income statement on a straight-line basis over the lease term.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 31. Accounting for income tax

The accounting for income tax adopts the balance sheet liabilities approach. The income taxes include the current and deferred income tax. The current income tax and deferred income tax expenses and earnings are recorded into the current profit and loss, except those related to the transactions and events are recorded directly into the shareholder's equity and the deferred income tax is adjusted into the carrying amount of goodwill arising from the business combination.

The current income tax expense is the income tax payable, that is, the amount of the current transactions and events calculated according to the taxation regulations paid to the taxation authorities by the enterprises. The deferred income tax is the difference between the due amounts of the deferred income tax assets and liabilities to be recognized according to the balance sheet liabilities approach in the period end and the amount recognized originally.

#### 32. Segment reporting

The Group determines the operating segments on the basis of internal structure, management requirements and internal reporting system and adopts these operating segments as the basis for reporting segments for disclosure purposes. An operating segment is a component of the Group that satisfies all of the following conditions:

- 1) It is able to earn revenue and incur expenses from ordinary business activities;
- 2) Its operating results are regularly reviewed by the Group's management for making decision about resources to be allocated to the segment and to assess its performance; and
- 3) For which the financial information on the financial position, operating results and cash flow of these components is available to the Group.

#### 33. Operation Method of Hedges

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps contracts to hedge cash flow for foreign exchange risks and fluctuation in interest rate.

The relationship between hedging instrument and hedged item is recorded by the Group on hedging transaction date, including the target of risk management and various hedging transaction strategies. The Group will regularly assess whether the derivatives can continuously and effectively hedge cash flows of the hedged item during the period of hedging transactions. The Group uses the comparative method of the principle terms of the contract for prospective evaluations on the effectiveness of hedging, and uses ratio analysis method to do the retrospective evaluation on the effectiveness of hedging at the end of the reporting period.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 33. Operation Method of Hedges – continued

Net amounts receivable or payable of hedging transactions is recorded into the balance sheet as assets or liabilities from hedging transaction date. The unrealized gain or loss shall be recorded into hedging reserve under equity. The change of fair values of forward foreign currency contract or interest swap contract shall be recognized through hedging reserve until the expected transactions occur. Accumulated balance in equity shall be included in the income statement or be recognized as part of the cost in relation of its assets once the expected transactions occur.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the hedge accounting shall not be applicable. Accumulated gain or loss of hedging instruments is recorded in the equity and recognized when transaction occurs. In the event that expected transactions will not occur, then, accumulated gain or loss in shareholder's equity will be transferred to the current profit and loss.

#### 34. Significant accounting policies and accounting estimates

When use the above mentioned accounting policies and accounting estimate, because of the uncertainty of operation, the Group needs to apply the judgments, estimates and assumptions to book value of inaccurate measured items, which was made on the basis of experiences of the management and consideration of other related factors. However, the actual conditions are possibly different from the estimates.

The Group makes regulatory check on above mentioned judgments, estimates and assumptions. The Group confirms the influences of the accounting modifications in the current and future of the modification time, dependently.

On balance sheet date, the key assumptions and the uncertainties leading to the possible major adjustments for the carrying amounts of the assets, liabilities in the future are as follows:

##### (1) Depreciation and amortization

Fixed assets and intangible assets are depreciated and amortized on the straight-line or production basis over their useful lives. The Group shall regularly review the useful lives and economically recoverable coal reserves to determine the total amount of depreciation and amortization which will be included in each period. Useful lives are calculated on the basis of the experience from similar assets and expected change of technology. Economically recoverable coal reserves are calculated by the economically recoverable coal resources based on actual measurement. If the past estimates change significantly, the depreciation and amortization shall be adjusted during future periods.

Estimates of coal reserves are involved in subjective judgment, because the estimating technology is inaccurate, so the coal reserves are only approximate value. The recent production and technology documents shall be considered for the estimates of economically recoverable coal reserves which will be updated regularly, the inherent inaccuracy of technical estimating exists.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 34. Significant accounting policies and accounting estimates – continued

##### (2) Land subsidence, restoration, rehabilitation and environmental obligations

The Group needs to relocate the villages on the surface due to the underground coal mining, and bear the cost of relocation of villages, ground crops (or attachments) compensation, land rehabilitation, restructuring and environmental management and other obligations. The performance of obligation is likely to lead to outflow of resources, when the amount of the obligation can be measured reliably, it is recognized as an environmental reclamation obligations. Depending on the relevance with the future production activities and the reliability of the estimated determination, the flow and non-flow reclamation provision should be recognized as the profit and loss for the period or credited to the relevant assets.

After taking into account existing laws and regulations and according to the past experience and the best estimate of future expenditures, management determines Land subsidence, restoration, rehabilitation and environmental obligations. If the time value of money is material, the expected future cash outflows will be discounted to its net present value. Following the current coal mining activities and under the condition that the future impact on land and the environment has become evident, Land subsidence, restoration, rehabilitation and environmental costs may be amended from time to time. Discount rate used by the Group may change due to assessment on the time value of money market and debt specific risks, when the estimate of the expected costs changed, it will be adjusted accordingly by the appropriate discount rate.

##### (3) Impairment of non-financial long-term assets

As described in Note 4 (18), at the date of the balance sheet the Group assesses impairment of non-financial assets to determine whether the recoverable amount of assets fell less than its carrying value. If the carrying value of the asset exceeds its recoverable amount, the difference is recognized as impairment loss.

The recoverable amount is the higher between the net amounts of fair value of the assets (or assets group) less disposal costs and the estimated present value of future cash flow of the assets (or assets group). As the Group cannot reliably access the open market price of the assets (or asset group), it is not reliable and accurate to estimate the fair value of assets. When estimating the present value of future cash flows, the company needs to make significant judgments on the future useful life, the product yield, price, the related operating costs of the assets (or assets group) and the discount rate used for calculating the present value. When estimating the recoverable amount, the Group will use all possibly available information, including the product yield, price from the reasonable and supportable assumption and the forecast related to operating costs.

##### (4) 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. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Expectation has been determined based on past performance and management's expectations for the market development.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IV. PRINCIPLE ACCOUNTING POLICIES, ACCOUNTING ESTIMATES – CONTINUED

#### 34. Significant accounting policies and accounting estimates – continued

##### (5) Taxes

The Company has obligations to pay a variety of taxes in a number of countries and regions. There are uncertainties for final tax treatments of many transactions and matters in normal operating activities. If there are differences between the ultimately ascertained results of these tax matters and the amounts that were initially recorded then the differences will impact the tax balance in the period that the above ultimate assertion being made.

Deferred tax assets shall be recognized on deductible temporary differences or tax losses when the management expects a probable future taxable profit to offset deductible temporary differences or tax losses. When the expected amount is different from the original estimation, the difference shall affect the recognition of deferred tax assets in the period in which the estimation changes. Deferred tax assets shall not be recognized on temporary differences and tax losses when the management expects no future taxable income to be offset.

#### 35. Significant changes of accounting policies and accounting estimates

##### (1) Significant changes of accounting policies

During the reporting period, there are no significant changes in accounting policies.

##### (2) Significant changes of accounting estimates

During the reporting period, the Company made no changes in accounting estimates.

### V. TAXES

- i. The major tax categories and tax rate applicable to the Company and domestic subsidiaries are as follows:

#### 1. Income tax

Except Anyuan coal mine of Ordos Neng Hua and Inner Mongolia Xintai Coal Mining Co., Ltd, income tax is calculated at 25% of the total assessable income of the subsidiaries of the Company that registered in PRC.

According to *Notice of approval to preferential taxation for western development* issued by Ejina Horo local tax bureau dated April 16, 2013, Anyuan coal mine of Ordos Neng Hua and Inner Mongolia Xintai Coal Mining Co., Ltd meet the requirements of western development preferential policies, of which income tax is calculated at 15%.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### V. TAXES – CONTINUED

#### 2. Value added tax

The value added tax is applicable to the product sales income of the Company and domestic subsidiaries. The value added tax is paid at 17% of the corresponding revenue on coal and other commodities sales, except for the value added tax on revenue from heating supply is calculated at 13%. The value added tax payable on purchase of raw materials and so on can offset the tax payable on sales at the tax rate of 17%, 13%, 7%, 6% and 3%. The value added tax payable is the balance between current tax payable on purchase and current tax payable on sales.

Pursuant to State Council Regulation No.538 PRC Value Added Tax Temporary Statute (Revised), value added tax paid for the purchase of machinery and equipments can offset the tax payable on sales from January 1, 2009.

According to the approval of Jining City National Tax Bureau Jiguoshuiliupizi (2012) Document No.1, as the subsidiary of the Company, Hua Ju Energy adopts the taxation policy of levy and refund 50% on VAT of electricity power and heating.

#### 3. Business tax

Business tax is applicable to the interest income of loan provided by the Company to subsidiaries and the business tax is paid at the 5%.

#### 4. City construction tax & education fee

Subject to all taxes applicable to domestic enterprise according to the “Reply Letter to Yanzhou Coal Mining Co., Ltd.” issued by State Administration of Taxation (Guoshuihan [2001] No.673), city construction tax and education fee are still calculated and paid at 7% and 3%, respectively, on the total amount of VAT payable and business tax payable.

#### 5. Resource tax

##### (1) Resource tax in Shandong area

According to Notice for Adjustment on Coal Resources Tax in Shandong Province by the Minister of Finance, the State Administration of Taxation (caishui [2005]86), the applicable coal resource tax in Shandong Province is RMB3.6 per ton.

Pursuant to the Notice of Adjustment of Resource Tax in Shandong Province (Lucaishui [2014] No.43), which was jointly issued by the Ministry of Finance and the State Administration of Taxation, since 1 December 2014, the collection basis of resource tax in Shandong province has been changed from volumes into prices and the amount of business tax has been changed from RMB3.60 per tonne into 4%.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### V. TAXES – CONTINUED

#### 5. Resource tax – continued

##### (2) Resource tax in Shanxi area

According to Notice for Adjustment on Coal Resources Tax in Shanxi Province by the Minister of Finance, the State Administration of Taxation (caishui [2004]187), the applicable coal resource tax in Shanxi Province is RMB3.2 per ton.

Pursuant to the Notice of the Reformation Implementation of Coal Resource Tax in Shanxi Province (Jincaishui [2014] No.37), which was jointly issued by the Ministry of Finance and the State Administration of Taxation, since 1 December 2014, the collection basis of resource tax in Shanxi province has been changed from volumes into prices and the amount of business tax has been changed from RMB3.20 per tonne into 8%.

##### (3) Resource tax in Inner Mongolian area

According to Notice for Adjustment on Coal Resources Tax in Inner Mongolia by the Minister of Finance, the State Administration of Taxation (caishui [2005]172), the applicable coal resource tax in Inner Mongolia is RMB3.2 per ton.

Pursuant to the document of local government of Inner Mongolia the Announcement of Applicable Coal Resource Tax Rate in whole area (Neizhengfa [2014]135), since 1 December 2014, the collection basis of resource tax in Inner Mongolia has been changed from volumes into prices and the amount of business tax has been changed from RMB3.20 per tonne into 9%.

With resource tax paid on price, the Company and its domestic subsidiaries pay resource tax on the amount of actual sales on the sum of raw coal and washed coal products times applicable tax rate.

With resource tax paid on volume, the Company and its domestic subsidiaries thereof pay resource tax on the total taxable sales times applicable tax rate.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### V. TAXES – CONTINUED

#### 6. Real estate tax

The tax calculation is based on the 70% of original value of real estate of the Company and domestic subsidiaries thereof with the applicable tax rate of 1.2%.

- ii. Main taxes and rates applicable to Australia subsidiaries thereof as following:

| Taxes                  | Taxation basis        | Rate     |
|------------------------|-----------------------|----------|
| Income tax (note 1)    | Taxable income        | 30%      |
| Goods and services tax | Taxable added value   | 10%      |
| Fringe benefits tax    | Salary and wages      | 4.75%-9% |
| Resource tax           | Sales revenue of coal | 7%-8.2%  |

Note 1: Income tax for Australian subsidiaries of the Company is calculated at 30% of the total income. Yancoal Australia Limited (as referred to “Yancoal Australia”) and its 100% owned Australian subsidiaries are a taxation consolidated group pursuant to the rules of taxation consolidation in Australia. Yancoal Australia is responsible for recognizing the current taxation assets and liabilities for the taxation consolidated group (including deductible loss and deferred taxation assets of subsidiaries in the taxation consolidated group). Each entity in the tax consolidated group recognizes its own deferred tax assets and liabilities.

- iii. Main taxes and rates applicable to other overseas subsidiaries of the Company thereof as following:

| Areas or countries | Tax                    | Taxation basis         | Rate  |
|--------------------|------------------------|------------------------|-------|
| Hong Kong          | Profits tax            | Taxable income         | 16.5% |
| Luxemburg          | Business income tax    | Taxable income         | 22.5% |
| Canada             | Goods and services tax | Taxable price of goods | 5%    |
| Canada             | Business income tax    | Taxable income         | 27%   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS

Information of financial statements disclosed as the following, except for otherwise indicated, “Beginning balance” refers to 1 January 2015, “Ending balance” refers to 30 June 2015, “Current year” refers to the year from 1 January 2015 to 30 June 2015, “Last year” refers to the year from 1 January 2014 to 30 June 2014, and the presenting currency unit is thousand RMB Yuan.

#### 1. Cash and cash equivalents

| Items                   | At June 30, 2015     |                  |                   | At January 1, 2015   |                  |                   |
|-------------------------|----------------------|------------------|-------------------|----------------------|------------------|-------------------|
|                         | Original<br>currency | Exchange<br>rate | RMB<br>equivalent | Original<br>currency | Exchange<br>rate | RMB<br>equivalent |
| <b>Cash on hand</b>     |                      |                  |                   |                      |                  |                   |
| Including: RMB          | 509                  | 1.0000           | 509               | 737                  | 1.0000           | 737               |
| USD                     | 27                   | 6.1136           | 165               | 27                   | 6.1190           | 165               |
| AUD                     | 6                    | 4.6993           | 28                | 8                    | 5.0174           | 40                |
| <b>Subtotal</b>         |                      |                  | <b>702</b>        |                      |                  | <b>942</b>        |
| <b>Cash in bank</b>     |                      |                  |                   |                      |                  |                   |
| Including: RMB          | 17,527,634           | 1.0000           | 17,527,634        | 16,568,184           | 1.0000           | 16,568,184        |
| USD                     | 375,520              | 6.1136           | 2,295,779         | 457,040              | 6.1190           | 2,796,628         |
| AUD                     | 84,049               | 4.6993           | 394,971           | 55,603               | 5.0174           | 278,982           |
| CAD                     | 3,029                | 4.9232           | 14,912            | 1,716                | 5.2755           | 9,053             |
| HKD                     | 24                   | 0.7886           | 19                | 31                   | 0.7889           | 24                |
| EUR                     | 1,992                | 6.8699           | 13,685            | 1,992                | 7.4556           | 14,852            |
| GBP                     | 1                    | 9.6422           | 10                | –                    | 9.5437           | –                 |
| <b>Subtotal</b>         |                      |                  | <b>20,247,010</b> |                      |                  | <b>19,667,723</b> |
| <b>Cash equivalents</b> |                      |                  |                   |                      |                  |                   |
| Including: RMB          | 579,398              | 1.0000           | 579,398           | 802,191              | 1.0000           | 802,191           |
| USD                     | –                    | 6.1136           | –                 | 4,598                | 6.1190           | 28,135            |
| AUD                     | 3,620                | 4.6993           | 17,011            | 5,396                | 5.0174           | 27,074            |
| GBP                     | –                    | 9.6422           | –                 | 1                    | 9.5437           | 10                |
| <b>Subtotal</b>         |                      |                  | <b>596,409</b>    |                      |                  | <b>857,410</b>    |
| <b>Total</b>            |                      |                  | <b>20,844,121</b> |                      |                  | <b>20,526,075</b> |

At the end of the reporting period, the Company held RMB110.03 million as environmental guarantee deposits and RMB132.93 million as other guarantee deposits with the total amount of RMB242.96 million.

At the end of the reporting period, the cash of the Company deposited overseas is RMB1.27535 billion, which is owned by the overseas subsidiaries of the Company.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 2. Financial assets at fair value through profit or loss

##### (1) Types of financial assets held for trading

| Item                                                             | At June 30, 2015 | At January 1, 2015 |
|------------------------------------------------------------------|------------------|--------------------|
| Financial assets designated at fair value through profit or loss | 1,029,158        | -                  |
| Including: Investment on equity instrument                       | 1,029,158        | -                  |
| <b>Total</b>                                                     | <b>1,029,158</b> | <b>-</b>           |

Note: The financial assets designated at fair value through profit or loss by the Company during the current year is the Company's acquisition on the stock of targeted issuance by Qilu Bank Co., Ltd. (targeted stock issuance).

#### 3. Notes receivable

##### (1) Classification of notes receivable

| Category              | At June 30, 2015 | At January 1, 2015 |
|-----------------------|------------------|--------------------|
| Bank acceptance       | 3,795,813        | 5,022,043          |
| Commercial acceptance | 3,505            | 46,310             |
| Letter of credit      | 355,211          | -                  |
| <b>Total</b>          | <b>4,154,529</b> | <b>5,068,353</b>   |

##### (2) Ending balance of notes receivable pledged

| Items           | Ending balance of<br>notes receivable<br>pledged |
|-----------------|--------------------------------------------------|
| Bank acceptance | 649,991                                          |
| <b>Total</b>    | <b>649,991</b>                                   |

##### (3) Notes receivable endorsed or discounted at the end of the year and is not yet due as at balance sheet date

| Items           | Ending balance<br>of derecognition | Ending balance<br>without<br>derecognition |
|-----------------|------------------------------------|--------------------------------------------|
| Bank acceptance | 2,154,408                          | -                                          |
| <b>Total</b>    | <b>2,154,408</b>                   | <b>-</b>                                   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 3. Notes receivable – continued

##### (4) Overdue notes receivable at the end of the year

| Items           | Ending balance<br>for overdue notes<br>receivable |
|-----------------|---------------------------------------------------|
| Bank acceptance | 439,245                                           |
| <b>Total</b>    | <b>439,245</b>                                    |

Note: the Company entrusts the banks to deposit the notes through the note depository agreement signed between the Company and banks, and the overdue notes receivable with the amount of RMB418 million is deposited in China Construction Bank (Zoucheng Branch).

#### 4. Accounts receivable

##### (1) Classification of accounts receivable

| Items                                        | At June 30, 2015 |            |                    |          | At January 1, 2015 |                  |            |                    |          |                  |
|----------------------------------------------|------------------|------------|--------------------|----------|--------------------|------------------|------------|--------------------|----------|------------------|
|                                              | Carrying amount  |            | Bad debt Provision |          | Carrying           | Carrying amount  |            | Bad debt Provision |          | Carrying         |
|                                              | Amount           | %          | Amount             | %        | Amount             | Amount           | %          | Amount             | %        | Amount           |
| Provided for bad debts<br>on portfolio basis | —                | —          | —                  | —        | —                  | —                | —          | —                  | —        | —                |
| Aging portfolio                              | 1,084,960        | 44         | 44,863             | 4        | 1,040,097          | 305,216          | 15         | 13,699             | 4        | 291,517          |
| Risk-free portfolio                          | 1,364,352        | 56         | —                  | —        | 1,364,352          | 1,724,235        | 85         | —                  | —        | 1,724,235        |
| <b>Subtotal</b>                              | <b>2,449,312</b> | <b>100</b> | <b>44,863</b>      | <b>2</b> | <b>2,404,449</b>   | <b>2,029,451</b> | <b>100</b> | <b>13,699</b>      | <b>1</b> | <b>2,015,752</b> |
| <b>Total</b>                                 | <b>2,449,312</b> | <b>—</b>   | <b>44,863</b>      | <b>—</b> | <b>2,404,449</b>   | <b>2,029,451</b> | <b>—</b>   | <b>13,699</b>      | <b>—</b> | <b>2,015,752</b> |

1) Accounts receivable that are accrued for bad debts under aging analysis

| Items         | At June 30, 2015       |                           |                              |
|---------------|------------------------|---------------------------|------------------------------|
|               | Accounts<br>receivable | Provision for<br>bad debt | Percentage<br>of accrual (%) |
| Within 1 year | 1,083,434              | 43,337                    | 4                            |
| 1 to 2 years  | —                      | —                         | 30                           |
| 2 to 3 years  | —                      | —                         | 50                           |
| Over 3 years  | 1,526                  | 1,526                     | 100                          |
| <b>Total</b>  | <b>1,084,960</b>       | <b>44,863</b>             | <b>—</b>                     |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 4. Accounts receivable – continued

##### (1) Classification of accounts receivable – continued

##### 2) Provision for bad debt accrued under other method

| Items               | At June 30, 2015    |                        |                           |
|---------------------|---------------------|------------------------|---------------------------|
|                     | Accounts receivable | Provision for bad debt | Percentage of accrual (%) |
| Risk-free portfolio | 1,364,352           | –                      | –                         |
| <b>Total</b>        | <b>1,364,352</b>    | <b>–</b>               | <b>–</b>                  |

Note: Ending accounts receivable under risk-free portfolio includes the amount of RMB998.34 million which due from Australian subsidiaries of the Company and was not accrued for bad debt since it is still under the normal term of credit.

##### (2) There is no accounts receivable that is written off during the current year.

##### (3) Ending accounts receivable due from the Company's shareholders holding more than 5% (including 5%) voting power are excluded. Total amounts due from related parties is RMB280.65 million, refer to Note XI, iii, 1 for details.

##### (4) The top-five accounts receivables

| Company name                                                     | Ending balance | Aging         | Proportion to total accounts receivable (%) | Ending balance or bad debt fprovision |
|------------------------------------------------------------------|----------------|---------------|---------------------------------------------|---------------------------------------|
| Huadian Power (Beijing) Trade Co., Ltd-Shandong Branch           | 280,983        | Within 1 year | 11                                          | 11,239                                |
| Dongguan Huihuang Energy Co., Ltd.                               | 254,347        | Within 1 year | 10                                          | 10,174                                |
| Middlemount Joint Venture                                        | 195,668        | Within 1 year | 8                                           | –                                     |
| Wuxi Zhongmai Trade Co., Ltd.                                    | 136,893        | Within 1 year | 6                                           | 5,476                                 |
| State Grid Shandong Electric Power Company Heze Power Supply Co. | 59,907         | Within 1 year | 2                                           | –                                     |
| <b>Total</b>                                                     | <b>927,798</b> |               | <b>37</b>                                   | <b>26,889</b>                         |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 5. Advances to suppliers

##### (1) Aging analysis

| Items         | At June 30, 2015 |            | At January 1, 2015 |            |
|---------------|------------------|------------|--------------------|------------|
|               | Amount           | %          | Amount             | %          |
| Within 1 year | 2,848,766        | 91         | 1,864,710          | 95         |
| 1 to 2 years  | 279,976          | 9          | 93,120             | 5          |
| 2 to 3 years  | 276              | –          | 13,734             | –          |
| Over 3 years  | 790              | –          | –                  | –          |
| <b>Total</b>  | <b>3,129,808</b> | <b>100</b> | <b>1,971,564</b>   | <b>100</b> |

Note: Advances to suppliers aged over one year are advanced payment for equipment purchase, which is resulted from the circumstance that the equipment is under execution and not yet arrived therefore the Company has not yet made the settlement.

##### (2) The top-five advances to suppliers

| Company Name                                                | Amounts        | Aging                       | Proportion to ending balance of advances to suppliers (%) |
|-------------------------------------------------------------|----------------|-----------------------------|-----------------------------------------------------------|
| Inner Mongolia China Coal Import and Export Trade Co., Ltd. | 174,602        | Within 1 year and 1-2 years | 6                                                         |
| Poly Xiexin Electric Power Fuel Co., Ltd                    | 171,313        | Within 1 year               | 5                                                         |
| Jining Gaoxin Construction Investment Co., Ltd.             | 160,290        | Within 1 year and 1-2 years | 5                                                         |
| Tianyuan High-Tech Development Co., Ltd.                    | 160,000        | Within 1 year               | 5                                                         |
| Jiangsu Tianyu Energy Co., Ltd.                             | 156,778        | Within 1 year               | 5                                                         |
| <b>Total</b>                                                | <b>822,983</b> |                             | <b>26</b>                                                 |

- (3) Ending balance of advances to suppliers due from the Company's shareholders holding more than 5% (including 5%) of voting power is RMB2.3 million; the total of advances to suppliers due from related parties is RMB11.57 million, equalling 0.37% of the total balance. See Note XI, iii, 1 for details.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 6. Other receivables

##### (1) Classification of other receivables

| Items                                                                       | At June 30, 2015 |            |                    |          |                | At January 1, 2015 |            |                    |          |                |
|-----------------------------------------------------------------------------|------------------|------------|--------------------|----------|----------------|--------------------|------------|--------------------|----------|----------------|
|                                                                             | Carrying amount  |            | Bad debt Provision |          | Book value     | Carrying amount    |            | Bad debt Provision |          | Book value     |
|                                                                             | Amount           | %          | Amount             | %        |                | Amount             | %          | Amount             | %        |                |
| Accrued for bad debts under portfolio basis                                 | —                | —          | —                  | —        |                | —                  | —          | —                  | —        |                |
| Aging portfolio                                                             | 37,626           | 5          | 16,664             | 44       | 20,962         | 26,061             | 4          | 16,001             | 61       | 10,966         |
| Risk-free portfolio                                                         | 675,624          | 95         | —                  | —        | 675,624        | 96                 | —          | —                  | —        | 638,878        |
| <b>Subtotal</b>                                                             | <b>713,250</b>   | <b>100</b> | <b>16,664</b>      | <b>2</b> | <b>696,586</b> | <b>664,848</b>     | <b>100</b> | <b>16,001</b>      | <b>2</b> | <b>648,847</b> |
| Individually insignificant but accrued for bad debts under individual basis | 3,163            |            | 3,163              | 100      | —              | 3,163              | —          | 3,163              | 100      |                |
| <b>Total</b>                                                                | <b>716,413</b>   | <b>—</b>   | <b>19,827</b>      | <b>—</b> | <b>696,586</b> | <b>668,011</b>     | <b>—</b>   | <b>19,164</b>      | <b>—</b> | <b>648,847</b> |

##### 1) Provision for bad debt under aging analysis

| Aging         | At June 30, 2015  |                    |          |
|---------------|-------------------|--------------------|----------|
|               | Other receivables | Bad debt provision | %        |
| Within 1 year | 21,315            | 853                | 4        |
| 1 to 2 year   | —                 | —                  | 30       |
| 2 to 3 years  | 1,000             | 500                | 50       |
| Over 3 years  | 15,311            | 15,311             | 100      |
| <b>Total</b>  | <b>37,626</b>     | <b>16,664</b>      | <b>—</b> |

##### 2) Provision for bad debt under other method

| Items               | At June 30, 2015 |                        |          |
|---------------------|------------------|------------------------|----------|
|                     | Carrying amount  | Provision for bad debt | %        |
| Risk-free portfolio | 675,624          | —                      | —        |
| <b>Total</b>        | <b>675,624</b>   | <b>—</b>               | <b>—</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 6. Other receivables – continued

##### (1) Classification of other receivables – continued

3) *Individually insignificant but accrued for bad debts under individual basis*

| Name            | Carrying amount | Provision for bad debt | %        | Reason        |
|-----------------|-----------------|------------------------|----------|---------------|
| National Energy | 3,163           | 3,163                  | 100      | uncollectable |
| <b>Total</b>    | <b>3,163</b>    | <b>3,163</b>           | <b>—</b> | <b>—</b>      |

(2) There is no other receivable that is written off during the reporting period.

##### (3) Classified by nature

| Nature of receivables        | At June 30, 2015 | At January 1, 2015 |
|------------------------------|------------------|--------------------|
| Security deposit             | 175,510          | 329,246            |
| Current account              | 343,274          | 231,504            |
| Receivable for materials     | 142,943          | 65,009             |
| Petty cash                   | 54,593           | 17,819             |
| Amount paid on others behalf | 93               | 471                |
| Deductible tax               | —                | 23,478             |
| Receivable from investment   | —                | 484                |
| <b>Total</b>                 | <b>716,413</b>   | <b>668,011</b>     |

(4) At the end of the reporting period, amounts due from controlling shareholders of the Company is RMB11 million (last year: RMB16.99 million); total amounts due from related parties is RMB243.16 million, equalling 33.94% of the total ending balance. Refer to Note XI, iii, 1 for details.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 6. Other receivables – continued

##### (5) The top-five other receivables

| Company name                                                         | Nature          | Ending balance | Aging         | Proportion to other receivables (%) | Ending balance for Bad debt provision |
|----------------------------------------------------------------------|-----------------|----------------|---------------|-------------------------------------|---------------------------------------|
| Office of State Revenue-New South Wales                              | Tax refund      | 46,073         | Within 1 year | 6                                   | –                                     |
| Yankuang Xinjiang Mining Co., Ltd.                                   |                 |                |               |                                     |                                       |
| Liuhuanggou Coal Mine                                                | Current account | 52,601         | 1 to 2 years  | 7                                   | –                                     |
| Yankuang Donghua Heavy Industry Co., Ltd.                            | Current account | 28,979         | Within 1 year | 4                                   | –                                     |
| Shaanxi Future Energy and Chemical Co., Ltd.                         | Current account | 20,816         | Within 1 year | 3                                   | –                                     |
| Inner Mongolia Dalate Economic Development Zone Management Committee | Deposit         | 20,000         | Within 1 year | 3                                   | –                                     |
| <b>Total</b>                                                         |                 | <b>168,469</b> |               | <b>23</b>                           | <b>–</b>                              |

#### 7. Inventories

##### (1) Classification of inventories

| Items                           | At June 30, 2015 |                          |                  | At January 1, 2015 |                          |                  |
|---------------------------------|------------------|--------------------------|------------------|--------------------|--------------------------|------------------|
|                                 | Carrying amount  | Provision for impairment | Book value       | Carrying amount    | Provision for impairment | Book value       |
| Raw materials                   | 177,667          | –                        | 177,667          | 167,173            | –                        | 167,173          |
| Coal stock                      | 1,532,861        | 182,156                  | 1,350,705        | 1,111,773          | 52,942                   | 1,058,831        |
| Methanol stock                  | 23,991           | –                        | 23,991           | 17,966             | –                        | 17,966           |
| Low value consumables           | 242,728          | –                        | 242,728          | 226,510            | –                        | 226,510          |
| Cost of real estate development | 125,904          | –                        | 125,904          | 99,433             | –                        | 99,433           |
| <b>Total</b>                    | <b>2,103,151</b> | <b>182,156</b>           | <b>1,920,995</b> | <b>1,622,855</b>   | <b>52,942</b>            | <b>1,569,913</b> |

##### (2) Provision for impairment

| Items        | At January 1, 2015 |                | Increase |               | Decrease |               | Foreign translation difference | At June 30, 2015 |
|--------------|--------------------|----------------|----------|---------------|----------|---------------|--------------------------------|------------------|
|              |                    | Accrual        | Others   | Reversal      | Others   |               |                                |                  |
| Coal stock   | 52,942             | 181,864        | –        | 44,804        | –        | -7,846        |                                | 182,156          |
| <b>Total</b> | <b>52,942</b>      | <b>181,864</b> | <b>–</b> | <b>44,804</b> | <b>–</b> | <b>-7,846</b> |                                | <b>182,156</b>   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 8. Non-current assets due within one year

| Items                                            | At June 30, 2015 | At January 1, 2015 | Nature                       |
|--------------------------------------------------|------------------|--------------------|------------------------------|
| Long-term receivables due within one year        | 1,644,157        | 1,705,757          | Loan to Middlemount (Note 1) |
| Long-term prepayments due within one year        | 8                | 37,497             | Deferred expense             |
| Held-to-maturity investments due within one year | 1,250,000        | –                  | Entrusted loan (Note 2)      |
| <b>Total</b>                                     | <b>2,894,165</b> | <b>1,743,254</b>   |                              |

Note 1: Loan to Middlemount is to Middlemount Joint Venture's long-term loan due to Gloucester Coal Ltd, the subsidiary of Yancoal Australia. It is due at 24 December 2015 with interest rate equals to commercial loans in the same period.

Note 2: Approved on 1st meeting of the sixth session of the Board, the Company provided entrusted loans, to Shaanxi Future Energy Co., Ltd with the amount of RMB1.25 billion, of which the term is from August 2014 to August 2015 and the annual rate is 8%. Meanwhile the Company accepted the 30% share in Shaanxi Future Energy Co., Ltd. Held by Yankuang Group Co., Ltd. as a pledge guarantee.

#### 9. Other current assets and other current liabilities

##### (1) Other current assets

| Items                                                                | At June 30, 2015 | At January 1, 2015 | Nature     |
|----------------------------------------------------------------------|------------------|--------------------|------------|
| Land subsidence, restoration, rehabilitation and environmental costs | 2,102,118        | 2,102,118          | Note IV.24 |
| Environment management guarantee deposit                             | 1,095,493        | 1,095,493          | Note XV.2  |
| Special royalty receivable                                           | 84,786           | 89,137             | Note 1     |
| Hedging-forward foreign exchange contract                            | 1,175            | 359                |            |
| Input VAT sit for certification                                      | 221,379          | –                  |            |
| <b>Total</b>                                                         | <b>3,504,951</b> | <b>3,287,107</b>   |            |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 9. Other current assets and other current liabilities – continued

##### (2) Other current liabilities

| Items                                                                | At December 31, 2014 | At January 1, 2014 | Nature     |
|----------------------------------------------------------------------|----------------------|--------------------|------------|
| Land subsidence, restoration, rehabilitation and environmental costs | 2,998,038            | 3,320,888          | Note IV.24 |
| Short-term financing bonds                                           | 9,986,667            | 4,999,583          | Note 2     |
| Deferred income                                                      | 3,408                | 3,642              | Note 3     |
| Advances for management fee                                          | 2,240                |                    |            |
| Hedging-forward foreign exchange contract                            | –                    | 2,621              |            |
| Hedging-Collar option                                                | –                    | 78,317             |            |
| <b>Total</b>                                                         | <b>12,990,353</b>    | <b>8,405,051</b>   |            |

Note 1: It is the right owned by Gloucester, a subsidiary of the Company, to collect the mining royalties (i.e., 4% of its FOB selling price) from Middlemount project. On each reporting date, management calculated the value of the right through its present value of the discounted cash flow, and the change of the value is recorded as current profit or loss. As at 30 June 2015, mining royalty receivable of AUD18.04 million due within one year is recognized as other current assets and the one of AUD185.18 million due over one year is recognized as other non-current asset.

Note 2: In accordance with the Notice of Acceptance of Registration coded [Zhongshixiezhuzhu [2013] PPN No.306] and the one coded [Zhongshixiezhuzhu [2013] CP No.418] issued by China's National Association of Financial Market Intuitional Investors, the Company was approved to register short-term financing bonds with aggregate amount of RMB15 billion. The Company received RMB5 billion through the issuance of the 2014-first-tranche-short-term financing of which the term is one year and interest rate is 5.19%. Actual receipt after issuing cost is RMB4.9975 billion with the redemption incurred during the current year. On 18 March 2015, the Company received RMB5 billion through the issuance of the 2015-first-tranche-short-term financing of which the term is one year and interest rate is 5.19%. Actual receipt after issuing cost is RMB4.99 billion.

In accordance with the Notice of Acceptance of Registration coded [Zhongshixiezhuzhu [2015] SCP No.114] issued by China's National Association of Financial Market Intuitional Investors, the Company was approved to register ultra short financing bonds with aggregate amount of RMB20 billion. On 11 June 2015, the Company received RMB2.5 billion through the issuance of the 2015-first-tranche-ultra-short financing of which the term is 270 days and interest rate is 4.2%. Actual receipt after issuing cost is RMB2.49625 billion. From 17 June 2015 to 18 June 2015, the Company received RMB2.5 billion through the issuance of the 2015-second-tranche-ultra-short financing of which the term is 270 days and interest rate is 4.2%. Actual receipt after issuing cost is RMB2.49625 billion.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 9. Other current assets and other current liabilities – continued

##### (2) Other current liabilities – continued

Details of short-term bonds payable is as follows:

| Category                   | Face value | Issued date | Maturity | Issued amount     | At January 1, 2015 | Issuance during the year | Interest accrual per face value | Amortization on premium or discount | Redemption for current year | At June 30, 2015 |
|----------------------------|------------|-------------|----------|-------------------|--------------------|--------------------------|---------------------------------|-------------------------------------|-----------------------------|------------------|
| Corporate short-term bond  | 5,000,000  | 2014-3-14   | 1 year   | 4,997,500         | 4,999,583          | –                        | 56,194                          | –                                   | 5,000,000                   | –                |
| Corporate short-term bond  | 5,000,000  | 2015-3-20   | 1 year   | 4,990,000         | –                  | 4,990,000                | 73,525                          | 3,333                               | –                           | 4,993,333        |
| Corporate ultra-short bond | 2,500,000  | 2015-6-15   | 270 days | 2,496,250         | –                  | 2,496,250                | 4,375                           | 417                                 | –                           | 2,496,667        |
| Corporate ultra-short bond | 2,500,000  | 2015-6-19   | 270 days | 2,496,250         | –                  | 2,496,250                | 3,208                           | 417                                 | –                           | 2,496,667        |
| <b>Total</b>               | <b>–</b>   | <b>–</b>    | <b>–</b> | <b>14,980,000</b> | <b>4,997,583</b>   | <b>9,982,500</b>         | <b>137,302</b>                  | <b>4,167</b>                        | <b>5,000,000</b>            | <b>9,986,667</b> |

Note 3: The Company has reclassified the government grants of RMB3.408 million, which will be recognized in profit/loss within one year, into the other current liabilities. Details are as the followings:

| Government grant                            | At January 1, 2015 | Addition for current year | Amount recognized as non-operating income for current year | Other movement | Foreign translation difference | At June 30, 2015 | Related to assets/earnings |
|---------------------------------------------|--------------------|---------------------------|------------------------------------------------------------|----------------|--------------------------------|------------------|----------------------------|
| Infrastructure construction subsidies       | 3,028              | 1,262                     | 1,262                                                      | –              | –                              | 3,028            | Related to assets          |
| Mining emergency rescue equipment subsidies | 614                | 131                       | 365                                                        | –              | –                              | 380              | Related to assets          |
| <b>Total</b>                                | <b>3,642</b>       | <b>1,393</b>              | <b>1,627</b>                                               | <b>–</b>       | <b>–</b>                       | <b>3,408</b>     |                            |

#### 10. Available-for-sale financial assets

##### (1) Details

| Items                  | At June 30, 2015 |                          |                | At January 1, 2015 |                          |                |
|------------------------|------------------|--------------------------|----------------|--------------------|--------------------------|----------------|
|                        | Carrying amount  | Provision for impairment | Book value     | Carrying amount    | Provision for impairment | Book value     |
| AFS debt instruments   | –                | –                        | –              | –                  | –                        | –              |
| AFS equity instruments | 521,698          | –                        | 521,698        | 388,763            | –                        | 388,763        |
| at fair value          | 382,350          | –                        | 382,350        | 249,403            | –                        | 249,403        |
| at cost                | 139,348          | –                        | 139,348        | 139,360            | –                        | 139,360        |
| <b>Total</b>           | <b>521,698</b>   | <b>–</b>                 | <b>521,698</b> | <b>388,763</b>     | <b>–</b>                 | <b>388,763</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 10. Available-for-sale financial assets – continued

##### (2) Available-for-sale financial assets measured at fair value

| Items                                                                         | Available-for-sale<br>equity instruments | Total   |
|-------------------------------------------------------------------------------|------------------------------------------|---------|
| Cost of equity instruments/amortized cost of debt instruments                 | 79,037                                   | 79,037  |
| Fair value                                                                    | 382,350                                  | 382,350 |
| Changes in fair value recognized in accumulated<br>other comprehensive income | 303,313                                  | 303,313 |
| Accrued amount for impairment                                                 | –                                        | –       |

##### (3) Available-for-sale financial assets measured at cost

| Investees                                            | Carrying amount      |          |           |                                      | At 30 June<br>2015 | Proportion<br>to share<br>in investees (%) | Cash<br>dividends |
|------------------------------------------------------|----------------------|----------|-----------|--------------------------------------|--------------------|--------------------------------------------|-------------------|
|                                                      | At 1 January<br>2015 | Addition | Reversals | Foreign<br>translation<br>difference |                    |                                            |                   |
| Ordos South Railway<br>Co., Ltd.                     | 100,670              | –        | –         | –                                    | 100,670            | 5                                          | –                 |
| Yankuang Group Guohong<br>Chemical Co., Ltd.         | 29,403               | –        | –         | –                                    | 29,403             | 5                                          | –                 |
| Jianxin Zoucheng Rural<br>Bank Co., Ltd.             | 9,000                | –        | –         | –                                    | 9,000              | 9                                          | –                 |
| Shenzhen Weiersen<br>Floriculture Co., Ltd.          | 100                  | –        | –         | –                                    | 100                | 1.25                                       | –                 |
| Investment on Wiggins Island<br>Coal Export Terminal | –                    | –        | –         | –                                    | –                  | 5.6                                        | –                 |
| Investment on Waratah port                           | 187                  | –        | –         | -12                                  | 175                | –                                          | –                 |
| <b>Total</b>                                         | <b>139,360</b>       | <b>–</b> | <b>–</b>  | <b>-12</b>                           | <b>139,348</b>     | <b>–</b>                                   | <b>–</b>          |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 11. Held-to-maturity investment

##### (1) Details

| Items                                                        | At June 30, 2015 |                          |            | At January 1, 2015 |                          |                  |
|--------------------------------------------------------------|------------------|--------------------------|------------|--------------------|--------------------------|------------------|
|                                                              | Carrying amount  | Provision for impairment | Book value | Carrying amount    | Provision for impairment | Book value       |
| Entrusted loans to Shannxi Future Energy Chemicals Co., Ltd. | -                | -                        | -          | 1,250,000          | -                        | 1,250,000        |
| <b>Total</b>                                                 | <b>-</b>         | <b>-</b>                 | <b>-</b>   | <b>1,250,000</b>   | <b>-</b>                 | <b>1,250,000</b> |

#### 12. Long-term receivables

##### (1) Long-term receivables

| Items                                        | At June 30, 2015 |                          |                | At January 1, 2015 |                          |                |
|----------------------------------------------|------------------|--------------------------|----------------|--------------------|--------------------------|----------------|
|                                              | Carrying amount  | Provision for impairment | Book value     | Carrying amount    | Provision for impairment | Book value     |
| Gladstone long-term securities               | 148,028          | -                        | 148,028        | 158,048            | -                        | 158,048        |
| E class Wiggins Island Preference Securities | 71,993           | -                        | 71,993         | 76,866             | -                        | 76,866         |
| Ashton long-term receivables                 | 16,440           | -                        | 16,440         | -                  | -                        | -              |
| <b>Total</b>                                 | <b>236,461</b>   | <b>-</b>                 | <b>236,461</b> | <b>234,914</b>     | <b>-</b>                 | <b>234,914</b> |

Note: Yancoal Australia invested the following securities issued by Wiggins Island Coal Export Terminal Pty Ltd in 2011.

- 1) The purchasing price of GiLTS (Gladstone Long Term Securities) is AUD31.5 million.
- 2) The purchasing price and par value of WIPS (E class Wiggins Island Preference Securities) are AUD15.32 million and AUD30.60 million respectively.
- 3) As WIPS and GiLTS have no active market and cannot be traded.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 13. Long-term equity investments

| Name of investees                                                                    | At 1 January<br>2015 | Increase       | Decrease | Increase/Decrease                                          |                                                    | Other equity<br>changes | Declare of<br>cash dividends<br>or profits | Accruals<br>of provision<br>for impairment | Other<br>decrease | Foreign<br>translation<br>difference | At 30 June<br>2015 | Ending balance<br>of provision<br>for impairment |
|--------------------------------------------------------------------------------------|----------------------|----------------|----------|------------------------------------------------------------|----------------------------------------------------|-------------------------|--------------------------------------------|--------------------------------------------|-------------------|--------------------------------------|--------------------|--------------------------------------------------|
|                                                                                      |                      |                |          | Investment<br>profits and<br>losses under<br>equity method | Adjustments<br>of other<br>comprehensive<br>income |                         |                                            |                                            |                   |                                      |                    |                                                  |
| <b>I. Joint venture</b>                                                              |                      |                |          |                                                            |                                                    |                         |                                            |                                            |                   |                                      |                    |                                                  |
| Middlemount Joint Venture                                                            | 127,516              | -              | -        | -80,763                                                    | -                                                  | -                       | -                                          | -                                          | -                 | -5,440                               | 41,313             | -                                                |
| Shengdi Fenlei Coal Preparation and<br>Engineering Technology (Tianjin)<br>Co., Ltd. | 3,351                | 7,000          | -        | 3,116                                                      | -                                                  | -                       | -                                          | -                                          | -                 | -                                    | 13,467             | -                                                |
| <b>II. Associates</b>                                                                |                      |                |          |                                                            |                                                    |                         |                                            |                                            |                   |                                      |                    |                                                  |
| China HD Zouxian Co., Ltd.                                                           | 1,188,757            | -              | -        | 168,378                                                    | -                                                  | -                       | 165,873                                    | -                                          | -                 | -                                    | 1,191,262          | -                                                |
| Yankuang Group Finance Co., Ltd.                                                     | 310,308              | -              | -        | 18,590                                                     | -                                                  | -                       | -                                          | -                                          | -                 | -                                    | 328,898            | -                                                |
| Shaanxi Future Energy Chemical Co, Ltd.                                              | 1,456,564            | -              | -        | 40,661                                                     | 22,637                                             | -                       | -                                          | -                                          | -                 | -                                    | 1,519,862          | -                                                |
| Shandong Shengyang Wood Co., Ltd                                                     | -                    | -              | -        | -                                                          | -                                                  | -                       | -                                          | -                                          | -                 | -                                    | -                  | -                                                |
| Jining Jiemei New Wall Material Co., Ltd                                             | -                    | -              | -        | -                                                          | -                                                  | -                       | -                                          | -                                          | -                 | -                                    | -                  | -                                                |
| Shanghai CIFCO Futures (note)                                                        | -                    | 264,560        | -        | -                                                          | -                                                  | -                       | -                                          | -                                          | -                 | -                                    | 264,560            | -                                                |
| Newcastle Coal Infrastructure Group<br>Pty Ltd ("NCIG")                              | 1                    | -              | -        | -                                                          | -                                                  | -                       | -                                          | -                                          | -                 | -                                    | 1                  | -                                                |
| <b>Total</b>                                                                         | <b>3,086,497</b>     | <b>271,560</b> | <b>-</b> | <b>149,982</b>                                             | <b>22,637</b>                                      | <b>-</b>                | <b>165,873</b>                             | <b>-</b>                                   | <b>-</b>          | <b>-5,440</b>                        | <b>3,359,363</b>   | <b>-</b>                                         |

Note: At the seventh meeting of the sixth session of the Board of the Company approved the Proposal regarding the Discussion and Consideration on the Investment from Yanzhou Coal Mining Co., Ltd. to Shanghai CIFCO Futures, and the Company paid RMB265 million on the 33.33% shares of Shanghai CIFCO Futures.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 14. Fixed assets

##### (1) Breakdown of fixed assets

| Items                                             | Land      | Buildings | Mining<br>structure | Ground<br>structure | Harbour<br>works<br>and craft | Plant,<br>machinery and<br>equipments | Transportation<br>equipment | Others    | Total      |
|---------------------------------------------------|-----------|-----------|---------------------|---------------------|-------------------------------|---------------------------------------|-----------------------------|-----------|------------|
| <b>I. Cost</b>                                    |           |           |                     |                     |                               |                                       |                             |           |            |
| 1. Beginning balance                              | 1,037,609 | 5,321,202 | 9,871,726           | 3,571,188           | 253,677                       | 28,774,708                            | 541,079                     | 1,699,943 | 51,071,132 |
| 2. Increase                                       | 1,865     | 8,304     | 420,043             | 872,439             | –                             | 773,747                               | 2,897,250                   | 318       | 4,973,966  |
| (1) Purchase                                      | –         | 4,730     | 166,322             | –                   | –                             | 368,507                               | –                           | 176       | 539,735    |
| (2) Transfers in from<br>construction in progress | –         | 2,537     | 226,828             | –                   | –                             | 382,655                               | 307                         | 142       | 612,469    |
| (3) Addition from business<br>combination         | 1,865     | 1,037     | 3,476               | –                   | –                             | 22,585                                | –                           | –         | 28,963     |
| (4) Reclassification                              | –         | –         | 23,417              | 872,439             | –                             | –                                     | 2,896,943                   | –         | 3,792,799  |
| 3. Decrease                                       | 1,506     | 770,565   | 9,903               | 833                 | 253,677                       | 2,467,864                             | 7,125                       | 321,836   | 3,833,309  |
| (1) Disposals                                     | 1,506     | 3,837     | 9,903               | 833                 | –                             | 40,683                                | 7,125                       | 527       | 64,414     |
| (2) Reclassification                              | –         | 766,728   | –                   | –                   | 253,677                       | 2,427,181                             | –                           | 321,309   | 3,768,895  |
| 4. Foreign translation<br>difference              | -65,795   | -32,860   | -237,185            | –                   | –                             | -615,092                              | –                           | –         | -950,932   |
| 5. Ending balance                                 | 972,173   | 4,526,081 | 10,044,681          | 4,442,794           | –                             | 26,465,499                            | 3,431,204                   | 1,378,425 | 51,260,857 |
| <b>II. Accumulated depreciation</b>               |           |           |                     |                     |                               |                                       |                             |           |            |
| 1. Beginning balance                              | –         | 2,554,013 | 3,460,247           | 1,538,296           | 94,572                        | 12,947,578                            | 439,977                     | 324,358   | 21,359,041 |
| 2. Increase                                       | –         | 97,006    | 278,296             | 1,229,643           | –                             | 982,095                               | 1,787,317                   | 758,901   | 5,133,258  |
| (1) Accrual                                       | –         | 96,871    | 277,615             | 87,092              | –                             | 977,424                               | 110,096                     | 46,990    | 1,596,088  |
| (2) Reclassification                              | –         | –         | –                   | 1,142,551           | –                             | –                                     | 1,677,221                   | 711,911   | 3,531,683  |
| (3) Business combination                          | –         | 135       | 681                 | –                   | –                             | 4,671                                 | –                           | –         | 5,487      |
| 3. Decrease                                       | –         | 1,222,450 | 61,910              | –                   | 94,572                        | 2,201,443                             | 6,448                       | 397       | 3,587,220  |
| (1) Disposals                                     | –         | 1,853     | 9,903               | –                   | –                             | 36,936                                | 6,448                       | 397       | 55,537     |
| (2) Reclassification                              | –         | 1,220,597 | 52,007              | –                   | 94,572                        | 2,164,507                             | –                           | –         | 3,531,683  |
| 4. Foreign translation difference                 | –         | -6,976    | -53,834             | –                   | –                             | -200,841                              | –                           | –         | -261,651   |
| 5. Ending balance                                 | –         | 1,421,593 | 3,622,799           | 2,767,939           | –                             | 11,527,389                            | 2,220,846                   | 1,082,862 | 22,643,428 |
| <b>III. Provision for impairment</b>              |           |           |                     |                     |                               |                                       |                             |           |            |
| 1. Beginning balance                              | –         | 65,182    | 175,724             | 24,398              | –                             | 289,674                               | 215                         | 84        | 555,277    |
| 2. Increase                                       | –         | –         | –                   | –                   | –                             | –                                     | –                           | –         | –          |
| 3. Decrease                                       | –         | –         | 695                 | –                   | –                             | –                                     | –                           | –         | 695        |
| 4. Foreign translation difference                 | –         | –         | -11,117             | –                   | –                             | –                                     | –                           | –         | -11,117    |
| 5. Ending balance                                 | –         | 65,182    | 163,912             | 24,398              | –                             | 289,674                               | 215                         | 84        | 543,465    |
| <b>IV. Carrying amount</b>                        |           |           |                     |                     |                               |                                       |                             |           |            |
| 1. At 30 June 2015                                | 972,173   | 3,039,306 | 6,257,970           | 1,650,457           | –                             | 14,648,436                            | 1,210,143                   | 295,479   | 28,073,964 |
| 2. At 1 January 2015                              | 1,037,609 | 2,702,007 | 6,235,755           | 2,008,494           | 159,105                       | 15,537,456                            | 100,887                     | 1,375,501 | 29,156,814 |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 14. Fixed assets – continued

##### (2) Fixed assets acquired through finance lease

| Items                           | Cost             | Accumulated depreciation | Provision for impairment | Carrying amount  |
|---------------------------------|------------------|--------------------------|--------------------------|------------------|
| Plant, machinery and equipments | 2,065,651        | 387,962                  | –                        | 1,677,689        |
| <b>Total</b>                    | <b>2,065,651</b> | <b>387,962</b>           | <b>–</b>                 | <b>1,677,689</b> |

##### (3) Fixed assets with no certificate of title

| Items        | Carrying amount | Reason                                                                        |
|--------------|-----------------|-------------------------------------------------------------------------------|
| Buildings    | 499,586         | Self-constructed buildings,<br>certificate of property rights are in progress |
| <b>Total</b> | <b>499,586</b>  |                                                                               |

(4) There depreciation of lands should be accrued as overseas subsidiaries hold permanent ownership.

(5) At the end of the reporting period, the amount of the Company's fixed assets that are fully depreciated but still in use is RMB706.87 million.

#### 15. Construction in progress

##### (1) Breakdown of construction in progress

| Items                            | At 30 June 2015   |                          |                   | At 1 January 2015 |                          |                   |
|----------------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|                                  | Carrying amount   | Provision for impairment | Book value        | Carrying amount   | Provision for impairment | Book value        |
| I. Maintenance construction      | 1,176,063         | –                        | 1,176,063         | 426,178           | –                        | 426,178           |
| II. Technical revamping          | 664,295           | –                        | 664,295           | 156,791           | –                        | 156,791           |
| III. Infrastructure construction | 27,482,833        | 119,520                  | 27,363,313        | 27,143,962        | 127,472                  | 27,016,490        |
| IV. Safety construction          | 238,469           | –                        | 238,469           | 564,914           | –                        | 564,914           |
| V. Exploration construction      | 181,780           | –                        | 181,780           | 545,676           | –                        | 545,676           |
| VI. Repairing construction       | 1,229             | –                        | 1,229             | –                 | –                        | –                 |
| <b>Total</b>                     | <b>29,744,669</b> | <b>119,520</b>           | <b>29,625,149</b> | <b>28,837,521</b> | <b>127,472</b>           | <b>28,710,049</b> |

Note: As at the end of the reporting period, the amount for construction in progress pledged as collateral is RMB132 million.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 15. Construction in progress – continued

##### (2) Changes of significant construction in progress

| Items                                              | At 1 January<br>2015 | Additions      | Reduction                           |                   | Foreign<br>translation<br>difference | At 30 June<br>2015 |
|----------------------------------------------------|----------------------|----------------|-------------------------------------|-------------------|--------------------------------------|--------------------|
|                                                    |                      |                | Transferred<br>into<br>fixed assets | Other<br>decrease |                                      |                    |
| Shilawusu coal mine and<br>coal processing project | 13,415,329           | 194,580        | –                                   | 878               | –                                    | 13,609,031         |
| Zhuan Longwan coal project                         | 8,798,604            | 64,045         | –                                   | –                 | –                                    | 8,862,649          |
| Ying Panhao coal project                           | 1,738,244            | 342,385        | –                                   | 257,644           | –                                    | 1,822,985          |
| Canada potash project                              | 1,646,191            | 25,180         | –                                   | –                 | -107,577                             | 1,563,794          |
| Wanfu mine project                                 | 482,333              | 125,377        | 5,971                               | –                 | –                                    | 601,739            |
| <b>Total</b>                                       | <b>26,080,701</b>    | <b>751,567</b> | <b>5,971</b>                        | <b>258,522</b>    | <b>-107,577</b>                      | <b>26,460,198</b>  |

(Continued)

| Items                                              | Budget     | Accumulated<br>investment to<br>budget ratio<br>(%) | Progress | Accumulated<br>amount of<br>capitalized<br>interests<br>current year | Including:<br>amount of<br>capitalized<br>interests for<br>current year | Rate of<br>capitalized<br>interests for<br>current year<br>(%) | Sources of<br>capital |
|----------------------------------------------------|------------|-----------------------------------------------------|----------|----------------------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------|
|                                                    |            |                                                     |          |                                                                      |                                                                         |                                                                |                       |
| Shilawusu coal mine and<br>coal processing project | 16,724,671 | 81                                                  | 81       | 23,154                                                               | 12,331                                                                  | 6.15                                                           | Borrowings            |
| Zhuan Longwan coal project                         | 10,082,225 | 88                                                  | 88       | 65,564                                                               | –                                                                       | 6.4                                                            | Borrowings            |
| Ying Panhao coal project                           | 9,645,116  | 19                                                  | 19       | 95,265                                                               | 9,911                                                                   | 6.4                                                            | Borrowings            |
| Canada potash project                              | N/A        | –                                                   | –        | 6,171                                                                | 3,036                                                                   | Libor+2.4%                                                     | Borrowings            |
| Wanfu mine project                                 | 3,449,799  | 17                                                  | 17       | 37,475                                                               | 11,774                                                                  | 6.4                                                            | Borrowings            |
| <b>Total</b>                                       |            | <b>–</b>                                            | <b>–</b> | <b>227,629</b>                                                       | <b>37,052</b>                                                           |                                                                |                       |

Note: Canadian potash project is still at early stage of exploration, no overall budget is currently available.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 16. Intangible assets

##### (1) Details of intangible assets

| Items                                | Mining<br>tenements | Interests in<br>unproved<br>mining | Land<br>use rights | Patents and<br>known-how | Water<br>access<br>rights | Software | Total      |
|--------------------------------------|---------------------|------------------------------------|--------------------|--------------------------|---------------------------|----------|------------|
| <b>I. Cost</b>                       |                     |                                    |                    |                          |                           |          |            |
| 1. Beginning balance                 | 25,373,968          | 2,819,553                          | 1,034,993          | 226,417                  | 130,584                   | 107,896  | 29,693,411 |
| 2. Increase                          | 140,783             | –                                  | 124,563            | –                        | –                         | 2,191    | 267,537    |
| (1) Purchase                         | 140,783             | –                                  | –                  | –                        | –                         | 2,191    | 142,974    |
| (2) Business combination             | –                   | –                                  | –                  | –                        | –                         | –        | –          |
| (3) Reclassification                 | –                   | –                                  | 124,563            | –                        | –                         | –        | 124,563    |
| 3. Decrease                          | –                   | –                                  | –                  | –                        | 124,563                   | 14       | 124,577    |
| (1) Disposals                        | –                   | –                                  | –                  | –                        | –                         | 14       | 14         |
| (2) Reclassification                 | –                   | –                                  | –                  | –                        | 124,563                   | –        | 124,563    |
| 4. Foreign translation<br>difference | -1,093,761          | -178,758                           | -1,126             | -7,953                   | -382                      | -7,104   | -1,289,084 |
| 5. Ending balance                    | 24,420,990          | 2,640,795                          | 1,158,430          | 218,464                  | 5,639                     | 102,969  | 28,547,287 |
| <b>II. Accumulated amortization</b>  |                     |                                    |                    |                          |                           |          |            |
| 1. Beginning balance                 | 4,983,776           | –                                  | 236,060            | –                        | 261                       | 35,879   | 5,255,976  |
| 2. Increase                          | 413,021             | –                                  | 12,508             | 2,525                    | 161                       | 7,603    | 435,818    |
| (1) Accrual                          | 413,021             | –                                  | 12,508             | 2,525                    | 161                       | 7,603    | 435,818    |
| (2) Reclassification                 | –                   | –                                  | –                  | –                        | –                         | –        | –          |
| 3. Decrease                          | –                   | –                                  | –                  | –                        | –                         | 14       | 14         |
| (1) Disposals                        | –                   | –                                  | –                  | –                        | –                         | 14       | 14         |
| (2) Reclassification                 | –                   | –                                  | –                  | –                        | –                         | –        | –          |
| 4. Foreign translation<br>difference | -137,507            | –                                  | -61                | –                        | -43                       | -3,442   | -141,053   |
| 5. Ending balance                    | 5,259,290           | –                                  | 248,507            | 2,525                    | 379                       | 40,026   | 5,550,727  |
| <b>III. Provision for impairment</b> |                     |                                    |                    |                          |                           |          |            |
| 1. Beginning balance                 | 1,918,613           | –                                  | –                  | –                        | –                         | –        | 1,918,613  |
| 2. Increase                          | –                   | –                                  | –                  | –                        | –                         | –        | –          |
| (1) Accrual                          | –                   | –                                  | –                  | –                        | –                         | –        | –          |
| 3. Decrease                          | –                   | –                                  | –                  | –                        | –                         | –        | –          |
| (1) Disposals                        | –                   | –                                  | –                  | –                        | –                         | –        | –          |
| 4. Foreign translation<br>difference | -121,640            | –                                  | –                  | –                        | –                         | –        | -121,640   |
| 5. Ending balance                    | 1,796,973           | –                                  | –                  | –                        | –                         | –        | 1,796,973  |
| <b>IV. Carrying amount</b>           |                     |                                    |                    |                          |                           |          |            |
| 1. At 30 June 2015                   | 17,364,728          | 2,640,795                          | 909,923            | 215,939                  | 5,260                     | 62,943   | 21,199,587 |
| 2. At 1 January 2015                 | 18,471,579          | 2,819,553                          | 798,933            | 226,417                  | 130,323                   | 72,017   | 22,518,822 |

Note: As at the end of the reporting period, intangible assets include the mining tenement pledged as collateral with the net value of RMB10.045 billion.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 16. Intangible assets – continued

##### (2) Land use rights with no certificate of title

| Items           | Carrying amount | Reason for the lack of title                               |
|-----------------|-----------------|------------------------------------------------------------|
| Land use rights | 107,098         | New purchase, application of title in process              |
| Land use rights | 58,142          | Service fees related to land are outstanding               |
| Land use rights | 56,000          | Original land title expired,<br>new land title in progress |
| <b>Total</b>    | <b>221,240</b>  |                                                            |

#### 17. Goodwill

| Items                            | At 1 January<br>2015 | Increase                |          | Decrease                       |          | Foreign<br>translation<br>difference | At 30 June<br>2015 | Ending balance of<br>provision for<br>impairment |
|----------------------------------|----------------------|-------------------------|----------|--------------------------------|----------|--------------------------------------|--------------------|--------------------------------------------------|
|                                  |                      | Business<br>combination | Others   | Acquisition of<br>subsidiaries | others   |                                      |                    |                                                  |
| Acquisition of Xintai            | 653,836              | -                       | -        | -                              | -        | -                                    | 653,836            | -                                                |
| Acquisition of Yancoal Resources | 306,225              | -                       | -        | -                              | -        | -19,415                              | 286,810            | -                                                |
| Acquisition of Syntech II        | 21,947               | -                       | -        | -                              | -        | -1,391                               | 20,556             | -                                                |
| Acquisition of Premier           | 13,648               | -                       | -        | -                              | -        | -865                                 | 12,783             | -12,783                                          |
| Acquisition of Yanmei Shipping   | 10,045               | -                       | -        | -                              | -        | -                                    | 10,045             | -                                                |
| <b>Total</b>                     | <b>1,005,701</b>     | <b>-</b>                | <b>-</b> | <b>-</b>                       | <b>-</b> | <b>-21,671</b>                       | <b>984,030</b>     | <b>-12,783</b>                                   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 18. Deferred tax assets and deferred tax liabilities

##### (1) Deferred tax assets without elimination

| Items                                                                          | At 30 June 2015                  |                     | At 1 January 2015                |                     |
|--------------------------------------------------------------------------------|----------------------------------|---------------------|----------------------------------|---------------------|
|                                                                                | Deductible temporary differences | Deferred tax assets | Deductible temporary differences | Deferred tax assets |
| <b>Deferred tax assets of the parent company and its domestic subsidiaries</b> |                                  |                     |                                  |                     |
| Land subsidence, restoration, rehabilitation and environmental costs           | 2,468,596                        | 617,149             | 2,895,311                        | 723,827             |
| Provision for maintenance fees, safety production and development fund         | 902,524                          | 225,631             | 1,669,857                        | 395,681             |
| Differences of depreciation on fixed assets                                    | 699,244                          | 174,811             | 763,985                          | 189,732             |
| Accrued but not yet paid salaries and social insurance                         | 445,612                          | 111,403             | 385,740                          | 96,435              |
| Interest occupied by mining tenements                                          | 238,876                          | 59,719              | 238,875                          | 59,719              |
| Contingent value right (CVR)                                                   | -                                | -                   | -                                | -                   |
| Hedging instrument liability                                                   | -                                | -                   | 664                              | 166                 |
| Provision for impairment on assets                                             | 64,916                           | 16,229              | 33,237                           | 8,272               |
| Deferred income                                                                | 15,108                           | 3,777               | 16,733                           | 4,183               |
| Difference of amortization for Mintangible assets                              | -                                | -                   | 111,478                          | 27,869              |
| Undistributed deficit                                                          | -                                | -                   | 407,334                          | 101,833             |
| Others                                                                         | 481,360                          | 120,340             | 8,913                            | 2,230               |
| <b>Subtotal</b>                                                                | <b>5,316,236</b>                 | <b>1,329,059</b>    | <b>6,532,127</b>                 | <b>1,609,947</b>    |
| <b>Deferred tax assets from Yancoal Australia</b>                              |                                  |                     |                                  |                     |
| Undistributed deficit                                                          | 10,200,956                       | 3,060,287           | 9,938,631                        | 2,981,589           |
| Hedging instrument liability                                                   | 2,961,194                        | 888,358             | 4,083,464                        | 1,225,039           |
| Rehabilitation costs                                                           | 686,358                          | 205,907             | 541,504                          | 162,451             |
| Take or pay liabilities                                                        | 341,765                          | 102,529             | 282,251                          | 84,675              |
| Finance lease                                                                  | 177,417                          | 53,225              | 209,615                          | 62,885              |
| Amortization of assets                                                         | 587,286                          | 176,186             | 1,292,930                        | 387,879             |
| Others                                                                         | 902,615                          | 270,785             | 943,426                          | 283,028             |
| <b>Subtotal</b>                                                                | <b>15,857,591</b>                | <b>4,757,277</b>    | <b>17,291,821</b>                | <b>5,187,546</b>    |
| <b>Total deferred tax assets</b>                                               | <b>21,173,827</b>                | <b>6,086,336</b>    | <b>23,823,948</b>                | <b>6,797,493</b>    |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 18. Deferred tax assets and deferred tax liabilities – continued

##### (2) Deferred tax liabilities without elimination

| Items                                                                        | At 30 June 2015               |                          | At 1 January 2015             |                          |
|------------------------------------------------------------------------------|-------------------------------|--------------------------|-------------------------------|--------------------------|
|                                                                              | Taxable temporary differences | Deferred tax liabilities | Taxable temporary differences | Deferred tax liabilities |
| <b>Deferred tax liabilities of the Company and its domestic subsidiaries</b> |                               |                          |                               |                          |
| Fair value of mining tenement                                                | 14,230,852                    | 3,557,713                | 15,800,224                    | 3,579,002                |
| Amortization and recognition of environmental deposits                       | 579,724                       | 144,931                  | 626,423                       | 156,606                  |
| Fair value adjustment of available-for-sale financial assets                 | 549,524                       | 137,381                  | 170,366                       | 42,592                   |
| <b>Subtotal</b>                                                              | <b>15,360,100</b>             | <b>3,840,025</b>         | <b>16,597,013</b>             | <b>3,778,200</b>         |
| <b>Deferred tax liabilities from Yancoal Australia</b>                       |                               |                          |                               |                          |
| Amortization and recognition of assets                                       | 8,969,654                     | 2,690,896                | 9,920,534                     | 2,976,160                |
| Unrealized gain or loss on foreign currency exchange                         | 916,879                       | 275,064                  | 3,008,125                     | 902,437                  |
| Hedging instrument assets                                                    | 3,421,368                     | 1,026,410                | 2,044,850                     | 613,455                  |
| Others                                                                       | 314,036                       | 94,211                   | 316,527                       | 94,958                   |
| <b>Subtotal</b>                                                              | <b>13,621,937</b>             | <b>4,086,581</b>         | <b>15,290,036</b>             | <b>4,587,010</b>         |
| <b>Total deferred tax liabilities</b>                                        | <b>28,982,037</b>             | <b>7,926,606</b>         | <b>31,887,049</b>             | <b>8,365,210</b>         |

#### 19. Other non-current assets

| Items                                        | At 30 June 2015  | At 1 January 2015 |
|----------------------------------------------|------------------|-------------------|
| Special royalties receivable (VI, 8, Note 1) | 870,203          | 909,927           |
| Prepayment on investment (XII, 1, (1))       | 117,926          | 117,926           |
| Customer's contracts                         | 13,056           | 23,137            |
| Security deposit of Gloucester               | 4,708            | 5,026             |
| <b>Total</b>                                 | <b>1,005,893</b> | <b>1,056,016</b>  |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 20. Provision for assets impairment

| Items                                                   | At 1 January<br>2015 | Increase       |                      | Decrease |                       | Foreign<br>translation<br>difference | At 30 June<br>2015 |
|---------------------------------------------------------|----------------------|----------------|----------------------|----------|-----------------------|--------------------------------------|--------------------|
|                                                         |                      | Accrual        | Other<br>transfer in | Reversal | Other<br>transfer out |                                      |                    |
| Bad debt provision                                      | 32,863               | 31,827         | –                    | –        | –                     | –                                    | 64,690             |
| Provision for impairment<br>on inventories              | 52,942               | 137,060        | –                    | –        | –                     | -7,846                               | 182,156            |
| Provision for impairment<br>on fixed assets             | 555,277              | –              | –                    | –        | 695                   | -11,117                              | 543,465            |
| Provision for impairment on<br>construction in progress | 127,472              | –              | –                    | –        | –                     | -7,952                               | 119,520            |
| Provision for impairment on<br>intangible assets        | 1,918,613            | –              | –                    | –        | –                     | -121,640                             | 1,796,973          |
| Provision for impairment<br>on goodwill                 | 13,648               | –              | –                    | –        | –                     | -865                                 | 12,783             |
| <b>Total</b>                                            | <b>2,700,815</b>     | <b>168,887</b> | <b>–</b>             | <b>–</b> | <b>695</b>            | <b>-149,420</b>                      | <b>2,719,587</b>   |

#### 21. Short-term loans

##### (1) Classification of short-term loans

| Items        | At 30 June 2015  | At 1 January 2015 |
|--------------|------------------|-------------------|
| Credit loans | 1,527,040        | 2,827,850         |
| Pledge loans | 234,965          | –                 |
| <b>Total</b> | <b>1,762,005</b> | <b>2,827,850</b>  |

Note: Interest rate of short-term loans is between 3.08% and 6.24%.

#### 22. Financial liabilities at fair value through profit or loss

| Items                        | At 30 June 2015 | At 1 January 2015 |
|------------------------------|-----------------|-------------------|
| Investment on futures (note) | –               | 664               |
| <b>Total</b>                 | <b>–</b>        | <b>664</b>        |

Note: The Company has purchased thermal coal futures from Shanghai CIFCO Futures since August 2014. At the end of reporting period, these futures have been closed position.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 23. Notes payable

| Items                        | At 30 June 2015 | At 1 January 2015 |
|------------------------------|-----------------|-------------------|
| Bank acceptance              | 203,308         | 1,806,399         |
| Commercial acceptance (Note) | 414,649         | 295,959           |
| <b>Total</b>                 | <b>617,957</b>  | <b>2,102,358</b>  |

Note: All commercial acceptances will be due within 6 months.

#### 24. Accounts payable

| Items                  | At 30 June 2015  | At 1 January 2015 |
|------------------------|------------------|-------------------|
| <b>Total</b>           | <b>2,507,146</b> | <b>2,125,594</b>  |
| Including: over 1 year | 175,479          | 138,380           |

(1) At the end of the reporting period, amount due to controlling shareholder of the Company is RMB4.86 million.

#### 25. Advances from customers

##### (1) Advances from customers

| Items                  | At 30 June 2015 | At 1 January 2015 |
|------------------------|-----------------|-------------------|
| <b>Total</b>           | <b>788,434</b>  | <b>798,437</b>    |
| Including: over 1 year | 90,694          | 42,026            |

(2) At the end of the reporting period, there is no advanced payment due to the Company's shareholders holding more than 5% (including 5%) voting power.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 26. Employee benefits payable

##### (1) Classification of salaries and wages payable

| Items                                                    | At 1 January<br>2015 | Increase         | Decrease         | Foreign<br>translation<br>difference | At 30 June<br>2015 |
|----------------------------------------------------------|----------------------|------------------|------------------|--------------------------------------|--------------------|
| Short-term salaries<br>and wages                         | 767,009              | 4,289,770        | 4,168,363        | -28,070                              | 860,346            |
| Post-employment<br>benefits-defined<br>contribution plan | 70,401               | 466,232          | 446,860          |                                      | 89,773             |
| Termination benefits                                     | –                    | –                | –                | –                                    | –                  |
| Other benefits due<br>within 1 year                      | 34,669               | 131,733          | 162,846          | -1,179                               | 2,377              |
| <b>Total</b>                                             | <b>872,079</b>       | <b>4,887,735</b> | <b>4,778,069</b> | <b>-29,249</b>                       | <b>952,496</b>     |

##### (2) Short-term salaries and wages

| Items                                    | At 1 January<br>2015 | Increase         | Decrease         | Foreign<br>translation<br>difference | At 30 June<br>2015 |
|------------------------------------------|----------------------|------------------|------------------|--------------------------------------|--------------------|
| Salary, bonus, benefits<br>and allowance | 317,365              | 2,956,998        | 2,946,120        | -2,723                               | 325,520            |
| Employees' benefits                      | –                    | 96,431           | 96,460           | –                                    | -29                |
| Social insurance                         | 34,018               | 266,726          | 242,220          | –                                    | 58,524             |
| Including:                               |                      |                  |                  |                                      |                    |
| medical insurance                        | 30,062               | 207,705          | 201,109          | –                                    | 36,658             |
| injury insurance                         | 811                  | 37,854           | 26,444           | –                                    | 12,221             |
| maternity insurance                      | 3,145                | 21,167           | 14,667           | –                                    | 9,645              |
| Housing fund                             | 4,406                | 254,810          | 251,563          | –                                    | 7,653              |
| Union fund and training fund             | 39,202               | 73,854           | 44,846           | –                                    | 68,210             |
| Short-term paid leave                    | 372,018              | 640,951          | 587,154          | -25,347                              | 400,468            |
| <b>Total</b>                             | <b>767,009</b>       | <b>4,289,770</b> | <b>4,168,363</b> | <b>-28,070</b>                       | <b>860,346</b>     |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 26. Employee benefits payable – continued

##### (3) Defined contribution plan

| Items                   | At 1 January<br>2015 | Increase       | Decrease       | Foreign<br>translation<br>difference | At 30 June<br>2015 |
|-------------------------|----------------------|----------------|----------------|--------------------------------------|--------------------|
| Basic pension insurance | 64,149               | 425,078        | 416,388        | –                                    | 72,839             |
| Unemployment insurance  | 6,252                | 41,154         | 30,472         | –                                    | 16,934             |
| <b>Total</b>            | <b>70,401</b>        | <b>466,232</b> | <b>446,860</b> | <b>–</b>                             | <b>89,773</b>      |

#### 27. Taxes payable

| Items                     | At 30 June 2015 | At 1 January 2015 |
|---------------------------|-----------------|-------------------|
| Value added tax           | -54,831         | -374,731          |
| Business tax              | 15,539          | 18,258            |
| Corporate income tax      | -81,280         | 90,913            |
| Price reconciliation fund | 14,837          | 14,837            |
| Goods and service tax     | -46,636         | -47,499           |
| Others                    | 68,577          | 105,070           |
| <b>Total</b>              | <b>-83,794</b>  | <b>-193,152</b>   |

#### 28. Interest payable

##### (1) Classification of interest payable

| Item                                                                                                 | At 30 June 2015 | At 1 January 2015 |
|------------------------------------------------------------------------------------------------------|-----------------|-------------------|
| Interest payable on corporate bonds                                                                  | 388,272         | 417,447           |
| Interest occupied by fund                                                                            | 238,875         | 238,875           |
| Interest payable on short-term bonds                                                                 | 81,108          | 241,306           |
| Interest of long-term borrowing with instalment payment of<br>interest and principal due at maturity | 49,052          | 39,844            |
| Interest for long-term account payable                                                               | 21,045          | 20,301            |
| <b>Total</b>                                                                                         | <b>778,352</b>  | <b>957,773</b>    |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 29. Other payable

##### (1) Other payable classified by nature

| Nature                  | At 30 June 2015  | At 1 January 2015 |
|-------------------------|------------------|-------------------|
| Investment payable      | 2,519,313        | 2,519,313         |
| Project funds           | 1,204,907        | 2,150,809         |
| Current accounts        | 493,315          | 429,373           |
| Withholding payable     | 400,091          | 580,514           |
| Security deposit        | 62,477           | 39,891            |
| Freight charges payable | 905              | 1,576             |
| <b>Total</b>            | <b>4,681,008</b> | <b>5,721,476</b>  |

##### (2) Significant other payable with aging over 1 year

| Company                                                                                                            | At 30 June 2015  | Reasons for outstanding or not yet transfer |
|--------------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------------|
| Payable of equity investment for the acquisition on Haosheng Company Yankuang Group Donghua Construction Co., Ltd. | 2,519,313        | Amount for investment on equity share       |
| Inner Mongolia Enwei Planning and Design Co., Ltd.                                                                 | 66,597           | Project not yet completed                   |
| Yankuang Xinlu Construction and Development Co., Ltd.                                                              | 58,785           | Settlement date not yet reached             |
| Shandong ChangJinHao Coal Industry Co., Ltd.                                                                       | 45,519           | Project not yet completed                   |
|                                                                                                                    | 43,000           | Settlement date not yet reached             |
| <b>Total</b>                                                                                                       | <b>2,733,214</b> |                                             |

##### (3) As at 30 June 2015, amount for other payable due to the controlling shareholder of the Company is RMB336.4 million.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 29. Other payable – continued

##### (4) Other payables with significant amount

| Item                                                | Amount           | Aging                          | Nature/Content                     |
|-----------------------------------------------------|------------------|--------------------------------|------------------------------------|
| Consideration on equity investments due to Haosheng | 2,519,313        | 2 to 3 years                   | Consideration of equity investment |
| Yankuang Group Co., Ltd                             | 336,398          | Within 1 year;<br>1 to 2 years | Withholding payable                |
| Yankuang Group Donghua Construction Co., Ltd        | 99,682           | Within 1 year;<br>1 to 2 years | Project funds                      |
| Inner Mongolia Enwei Planning and Design Co., Ltd.; | 58,785           | Within 1 year<br>1 to 2 years  | Project funds                      |
| Yankuang Group Donghua Heavy Industry Co., Ltd.     | 51,000           | Within 1 year;<br>1 to 2 years | Equipment funds                    |
| <b>Total</b>                                        | <b>3,065,178</b> |                                |                                    |

#### 30. Non-current liabilities due within one year

##### (1) Non-current liabilities due within one year

| Items                                            | At 30 June 2015  | At 1 January 2015 |
|--------------------------------------------------|------------------|-------------------|
| Long-term borrowing due within one year          | 4,969,519        | 3,015,909         |
| Long-term payable due within one year            | 439,931          | 439,379           |
| Estimated liabilities due within 1 year (Note 1) | 194,172          | 177,655           |
| <b>Total</b>                                     | <b>5,603,622</b> | <b>3,632,943</b>  |

##### (2) Long-term borrowing due within one year

| Loan by category         | At 30 June 2015  | At 1 January 2015 |
|--------------------------|------------------|-------------------|
| Guaranteed loan (Note 2) | 3,621,410        | 1,788,294         |
| Debt of honour           | 1,013,519        | 993,662           |
| Pledge loan (Note 3)     | 334,590          | 233,953           |
| <b>Total</b>             | <b>4,969,519</b> | <b>3,015,909</b>  |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 30. Non-current liabilities due within one year – continued

##### (3) Long-term payable due within one year

| Names                                               | At 30 June 2015 | At 1 January 2015 |
|-----------------------------------------------------|-----------------|-------------------|
| Jining Municipal Land and Resources Bureau (Note 4) | 396,285         | 396,285           |
| Freight finance lease                               | 41,296          | 40,585            |
| Deferred payment for acquisition of Minerval        | 2,350           | 2,509             |
| <b>Total</b>                                        | <b>439,931</b>  | <b>439,379</b>    |

Note 1: The estimated liabilities due within one year mainly composed of AUD17.03 million of take-or-pay liabilities, AUD0.7 million of reclamation, restoration and environment recovery expense accrued for restoring of coal mines, and AUD23 million of tax payable for R&D project of Ashton coal mine. The information related to the take-or-pay liabilities are described in “VI, 35, Note 2”.

Note 2: In 2011, the Company obtained a loan from Tiexi branch of ICBC with the amount of RMB3.9 billion. The borrowing was guaranteed by the controlling shareholder, Yankuang Group, and would be pledged by the mining tenement of Zhuan Longwan until they are obtained. As at the end of the reporting period, the amount of principal borrowing that is still outstanding is RMB1.29458 billion including the borrowing of RMB839.72 million which is required to be paid back within one year were recognized as other non-current liabilities due within one year and the remaining of RMB454.86 million which will be paid back within the period of over one year were recognized as long-term borrowings.

Yancoal International, the subsidiary of the Company, borrowed USD155 million from the bank syndicate of banks taken the lead by New York Branch of China Merchants Bank (“CMB”), which was guaranteed by Jining and Qingdao Branch of CMB, the entrusted guarantee of the Company. The maturity date is in 2015.

In 2013, Yancoal International, the subsidiary of the Company, obtained a loan of USD300 million from Hong Kong Wing Lung Bank, which was guaranteed by Xiangxi Branch of CMB, the entrusted guarantee of the Company. The loan will be matured in 2016.

Note 3: ICBC Ruixin Investment Management Co., Ltd established plan on special management of equity investment of Yanzhou Coal to purchase 46.67% shareholdings of the Company’s subsidiary Heze Neng Hua with purchase price of RMB1.4 billion. The Company shall repurchase this plan within five years in installment to obtain the right of disposing equity of Heze Neng Hua and pay fixed income to the holders of the plan. ICBC Ruixin signed Equity Trust Deed with the Company and promised no participation in daily operating activities of Heze Neng Hua, no right of receiving bonus or value added or derived related rights from the underlying equity, no right to vote or to be elected and etc. The Company, therefore, treated this transaction as borrowings from the financial plan agent Industrial and Commercial Bank of China Limited. As at the end of the reporting period, the unpaid principal of the borrowing is RMB1.2 billion, including RMB300 million due within one year recognized as other non-current liability due within one year and RMB900 million over one year recognized as long-term borrowing.

Note 4: According to the Plans for conducting compensated use of coal resource pilot reform, jointly issued by the Ministry of finance, Ministry of Land and Resources, and Development and Reform Commission, approved by the State Council in September 2006, the Company should pay the consideration of mining rights, after assessment and evaluation by remaining reserves, for the original five coal mines.

On 3 August 2012, pursuant to the assessment report for the consideration of mining rights of five coal mines (Jining No.2 coal mine, Nantun coal mine, Dongtan coal mine, Baodian coal mine and Xinglongzhuang coal mine) owned by the Company filed in Department of Land and Resources of Shandong Provincial, the Notice of payment for mining rights by Yanzhou Coal Mining Company Limited [JiGuotuzi(2012) No.212] issued by Jining Municipal Land and Resources Bureau determined the consideration of mining rights, which amounts to RMB2,476.78 million. According to the Notice, the down payment RMB495.36 million should be paid before 30 September 2012, while the rest amount should be paid in five equal installments with capital occupation charges. As at the end of the reporting period, the Company paid RMB1.28792 billion, with RMB1.18886 billion unpaid, including RMB396.28 million due next year and RMB792.58 million due over 1 year.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 31. Long-term borrowings

##### (1) Borrowings by category

| Borrowings category  | At 30 June 2015   | At 1 January 2015 |
|----------------------|-------------------|-------------------|
| Guaranteed borrowing | 22,121,597        | 24,377,892        |
| Borrowing of honour  | 5,110,421         | 6,931,217         |
| Mortgaged borrowing  | 1,518,799         | 1,238,393         |
| <b>Total</b>         | <b>28,750,817</b> | <b>32,547,502</b> |

Note: Long-term borrowing of RMB carried interest at a range from 5.535%-6.4% per annum, while foreign currency carried interest at LIBOR plus a margin 1.5%-5% per annum.

##### (2) Top-five long-term borrowings as at 30 June 2015

| Lender                                                    | Beginning date | Expiration date | Currency | Interest rate<br>(%) | At 30 June 2015 |            | At 1 January 2015 |            |
|-----------------------------------------------------------|----------------|-----------------|----------|----------------------|-----------------|------------|-------------------|------------|
|                                                           |                |                 |          |                      | USD             | RMB        | USD               | RMB        |
| Sydney branch of<br>BOC (Note 1)                          | 16-12-2009     | 16-12-2022      | USD      | Libor+5%             | 2,540,000       | 15,528,544 | 2,400,000         | 14,685,600 |
| Sydney branch of<br>BOC (Note 2)                          | 29-8-2013      | 20-10-2016      | USD      | 3M Libor+2.3%        | 300,000         | 1,834,080  | 300,000           | 1,835,700  |
| Zoucheng branch of<br>BOC (Note 3)                        | 14-1-2013      | 4-1-2018        | USD      | Libor+2.4%           | 296,000         | 1,809,626  | 296,000           | 1,811,224  |
| Paris branch of<br>BOC (Note 4)                           | 9-1-2014       | 9-1-2017        | USD      | 3M Libor+3%          | 200,000         | 1,222,720  | 200,000           | 1,223,800  |
| Yanzhou Coal Mining<br>District Branch of<br>CCB (Note 5) | 29-11-2013     | 18-11-2016      | USD      | 3M Libor+2.95%       | 149,500         | 913,983    | 149,600           | 915,402    |

Note 1: Yancoal Australia borrowed USD3.04 billion from the bank syndicate of banks taken the lead by Sydney branch of BOC, which was guaranteed by the Company in 2009, including: USD2.54 billion from Sydney branch of Bank Of China; USD200 million from Hong Kong branch of China Construction Bank; USD300 million from Hong Kong branch of China Development Bank, at the same time, the Company was counter guaranteed by Yankuang Group, the controlling shareholder of the Company. The loan period is from 16 December 2009 to 16 December 2014 and interest should be paid on schedule. That is to say, the principal should be repaid in three installments starting from 16 December 2012. On 17 December 2012, Yancoal Australia entered into contracts of rollover loans with Sydney branch of BOC and Hong Kong branch of CBC, extending repayment date to 16 December 2019; principal repayment starting date is postponed to 16 December 2017. In 2014, Yancoal Australia continued to enter into contracts of rollover loans with Sydney branch of BOC and Hong Kong branch of CBC, extending repayment date to 16 December 2022; principal repayment starting date is postponed to 16 December 2019, while guaranteed by the Company. As at 30 June 2015 Yancoal Australia returned the matured borrowings of USD300 million, with USD274 million unreturned.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 31. Long-term borrowings – continued

##### (2) Top-five long-term borrowings as at 30 June 2015 – continued

- Note 2: In 2013, Yancoal International (Holding) Co., Ltd., a subsidiary of the Company, borrowed USD300 million from Sydney Branch of BOC, which was guaranteed by the Company.
- Note 3: In 2013, the Company borrowed USD596 million from Zoucheng branch of BOC for the merger with Gloucester with L/C as the guarantee. On 30 August 2013, the Company prepaid USD300 million.
- Note 4: In 2014, Yancoal International (Holding) Co., Ltd., a subsidiary of the Company, borrowed USD200 million from Paris Branch of BOC, which was guaranteed by the Company.
- Note 5: In 2013, the Company borrowed USD150 million from Yanzhou Coal Mining District Branch of CCB. As at the end of the reporting period, the borrowing principal unreturned is USD149.7 million and the borrowing of USD0.2 million due within 1 year were recognized as other non-current liabilities due within 1 year, with the rest part of loans of USD149.5 million over 1 year were recognized as long-term borrowings.

#### 32. Bonds payable

##### (1) Bonds payable by category

| Items           | At 30 June 2015   | At 1 January 2015 |
|-----------------|-------------------|-------------------|
| Corporate bonds | 16,040,966        | 16,040,608        |
| <b>Total</b>    | <b>16,040,966</b> | <b>16,040,608</b> |

##### (2) Increase or decrease of bonds payable

| Items                   | Total face value  | Issuing date | Maturity | Issued amount     | At 1 January 2015 |
|-------------------------|-------------------|--------------|----------|-------------------|-------------------|
| Corporate bond (Note 1) | 2,846,205         | 2012-5-16    | 5 years  | 2,846,205         | 2,753,918         |
| Corporate bond (Note 1) | 3,478,695         | 2012-5-16    | 10 years | 3,478,695         | 3,365,898         |
| Corporate bond (Note 2) | 1,000,000         | 2012-7-23    | 5 years  | 990,000           | 995,200           |
| Corporate bond (Note 2) | 4,000,000         | 2012-7-23    | 10 years | 3,960,000         | 3,969,800         |
| Corporate bond (Note 2) | 1,950,000         | 2014-3-6     | 5 years  | 1,930,500         | 1,933,750         |
| Corporate bond (Note 2) | 3,050,000         | 2014-3-6     | 10 years | 3,019,500         | 3,022,042         |
| <b>Total</b>            | <b>16,324,900</b> |              |          | <b>16,224,900</b> | <b>16,040,608</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 32. Bonds payable – continued

##### (2) Increase or decrease of bonds payable – continued

| Items                   | Issued amount<br>for this year | Accrued<br>interest<br>at par | Amortization<br>of premiums<br>or discounts | Interest<br>paid during<br>the period | Foreign<br>Currency<br>Difference | At 30 June<br>2015 |
|-------------------------|--------------------------------|-------------------------------|---------------------------------------------|---------------------------------------|-----------------------------------|--------------------|
| Corporate bond (Note 1) | –                              | 61,720                        | –                                           | –                                     | -2,753                            | 2,751,165          |
| Corporate bond (Note 1) | –                              | 96,894                        | –                                           | –                                     | -3,365                            | 3,362,534          |
| Corporate bond (Note 2) | –                              | 21,117                        | 1,000                                       | –                                     | –                                 | 996,200            |
| Corporate bond (Note 2) | –                              | 99,550                        | 2,000                                       | –                                     | –                                 | 3,971,800          |
| Corporate bond (Note 2) | –                              | 58,041                        | 1,950                                       | –                                     | –                                 | 1,935,700          |
| Corporate bond (Note 2) | –                              | 94,309                        | 1,525                                       | –                                     | –                                 | 3,023,567          |
| <b>Total</b>            | –                              | 431,631                       | 6,475                                       | –                                     | -6,118                            | <b>16,040,966</b>  |

Note 1: As approved by a resolution passed at the second extraordinary general meeting held on 23 April 2012, second-tier wholly-owned subsidiaries of the Company were approved to make an overseas issuance of US dollar-dominated bonds with an aggregate principal amount not exceeding USD1.0 billion (including USD1.0 billion). Yancoal International Resource Development, a second-tier wholly-owned subsidiary of the Company, issued corporate bonds amounted to USD1.0 billion in Hong Kong in May 2012, of which, the annual interest rates for the five-year corporate bonds of USD450 million and ten-year corporate bonds of USD550 million are 4.461% and 5.730%, respectively.

Note 2: As approved by a resolution passed at 2012 first extraordinary general meeting held on 8 February 2012, the Company will issue corporate bonds of no more than RMB15 billion at appropriate time. After that, the Company received the Reply Letter in relation to the approval on the issue of corporate bonds by Yanzhou Coal Mining Company Limited of CSRS (the Zhengjian Xuke[2012] No. 592) and was approved to make an public issuance of corporate bonds with face value not exceeding RMB10 billion. On 25 July 2012, the Company issued the first tranche of the corporate bonds amounting to RMB5 billion, of which, the annual interest rate for the five-year corporate bonds of RMB1 billion and ten-year corporate bonds of RMB4 billion are 4.2% and 4.95%, respectively. On 6 March 2014, the Company issued the second tranche of the corporate bonds amounting to RMB5 billion, of which, the annual interest rate for the five-year corporate bonds of RMB1.95 billion and ten-year corporate bonds of RMB3.05 billion are 5.92% and 6.15%, respectively.

#### 33. Long-term payable

##### (1) Long-term payable classified by nature

| Nature                       | At 30 June 2015  | At 1 January 2015 |
|------------------------------|------------------|-------------------|
| Finance lease                | 1,643,409        | 1,634,854         |
| Acquisition of mining rights | 793,581          | 794,735           |
| Market service fees          | 17,796           | 30,683            |
| <b>Total</b>                 | <b>2,454,786</b> | <b>2,460,272</b>  |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 33. Long-term payable – continued

##### (2) Long-term payables classified by lender

| Lender                                                         | Expiration | At 1 January<br>2015 | Interest rate<br>(%)                                        | Accrued<br>interest | At 30 June<br>2015 | Loan condition                 |
|----------------------------------------------------------------|------------|----------------------|-------------------------------------------------------------|---------------------|--------------------|--------------------------------|
| Total                                                          | –          | 2,460,272            | –                                                           | 60,091              | 2,454,786          | –                              |
| Including:                                                     |            |                      |                                                             |                     |                    |                                |
| Jianxin Finance Lease Co., Ltd.                                | 61 months  | 1,468,803            | 4% above<br>interest rate of<br>the corresponding<br>period | 60,091              | 1,510,079          | unsecured                      |
| Jining Municipal Land and Resources Bureau<br>(VI, 29, Note 4) | 2-5 years  | 792,570              | 6.15                                                        | –                   | 792,570            | unsecured                      |
| Freight finance lease                                          | 5-8 years  | 166,051              | 5.43<br>-12.24                                              | –                   | 133,330            | unsecured                      |
| Market service fees to Noble Group                             | –          | 30,683               | –                                                           | –                   | 17,796             | unsecured and<br>interest-free |
| Deferred payment for acquisition of Minerval                   | 2-4 years  | 2,165                | –                                                           | –                   | 1,011              | unsecured and<br>interest-free |

##### (3) The breakdown of finance lease payable included in long-term payables

| Items                                 | At 30 June 2015  |                  | At 1 January 2015 |                  |
|---------------------------------------|------------------|------------------|-------------------|------------------|
|                                       | Foreign currency | RMB              | Foreign currency  | RMB              |
| Jianxin Finance Lease Co., Ltd.       | –                | 1,510,079        | –                 | 1,468,803        |
| Komatsu Australian Finance<br>Company | 23,550           | 110,669          | 27,862            | 139,795          |
| Bradken Finance Lease                 | 4,822            | 22,661           | 5,233             | 26,256           |
| <b>Total</b>                          | <b>28,372</b>    | <b>1,643,409</b> | <b>33,095</b>     | <b>1,634,854</b> |

Note: The financial lease activities of the Company were not guaranteed by an independent third party.

#### 34. Long-term employee benefit payable

| Items                           | At 30 June 2015 | At 1 January 2015 |
|---------------------------------|-----------------|-------------------|
| Other long-term benefits (Note) | 8,812           | 7,563             |
| <b>Total</b>                    | <b>8,812</b>    | <b>7,563</b>      |

Note: Other long-term benefit is calculated on the basis of Australia relevant laws and regulations and duration of services employees provided, and is the amount of future benefit that employees have earned in return for their service to the reporting date.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 35. Contingent liabilities

| Items                                                              | At 30 June<br>2015 | At 1 January<br>2015 | Reasons |
|--------------------------------------------------------------------|--------------------|----------------------|---------|
| Reclamation, restoration and environment recovery expense (Note 1) | 485,159            | 529,953              | Note 1  |
| Take-or-pay liability (Note 2)                                     | 261,738            | 231,546              | Note 2  |
| Maintenance expense of leased machinery (Note 3)                   | 113,622            | 4,511                | Note 3  |
| <b>Total</b>                                                       | <b>860,519</b>     | <b>766,010</b>       |         |

Note 1: Reclamation, restoration and environment recovery expense accrued for restoring of coal mines are based on the accounting policy as stated in Note “IV, 24”. The obligation of restoring will be exercised when mining areas become out of use or coal resource dry up.

Note 2: As stipulated in the take-or-pay port and rail contracts entered into by Gloucester, a subsidiary of the Company, a liability was recognised for the estimated excess capacity contracted in the port and rail contacts.

Note 3: Provision for maintenance expense of leased machinery includes the overhaul expense at the end of the lease. Where a machine is bought at the end of the lease, the balance of such provision will be eliminated by the purchasing cost.

#### 36. Deferred revenue

##### (1) Deferred revenue by category

| Items                                | At 1 January<br>2015 | Increase   | Decrease     | Foreign<br>translation<br>difference | At 30 June<br>2015 | Reasons                                                                                        |
|--------------------------------------|----------------------|------------|--------------|--------------------------------------|--------------------|------------------------------------------------------------------------------------------------|
| Government grant                     | 21,441               | 910        | 1,393        | –                                    | 20,958             | Government grant                                                                               |
| Deferred income from Carbon emission | 36,068               | –          | 1,410        | -2,240                               | 32,418             | Transitional subsidies prior to the implementation of marketization of “carbon emission price” |
| <b>Total</b>                         | <b>57,509</b>        | <b>910</b> | <b>2,803</b> | <b>-2,240</b>                        | <b>53,376</b>      | <b>–</b>                                                                                       |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 36. Deferred revenue – continued

##### (2) Government grants

| Items                                          | At 1 January<br>2015 | Increase   | Recognized in<br>non-operating<br>income | Other change | Foreign<br>translation<br>difference | At 30 June<br>2015 | Related to assets/<br>related to earnings |
|------------------------------------------------|----------------------|------------|------------------------------------------|--------------|--------------------------------------|--------------------|-------------------------------------------|
| Infrastructure construction<br>subsidies       | 21,244               | 910        |                                          | 1,262        | –                                    | 20,892             | Related to assets                         |
| Mining emergency rescue<br>equipment subsidies | 197                  | –          |                                          | 131          | –                                    | 66                 | Related to assets                         |
| <b>Total</b>                                   | <b>21,441</b>        | <b>910</b> |                                          | <b>1,393</b> | <b>–</b>                             | <b>20,958</b>      |                                           |

Note: Other change mainly refers to that the government grant which is estimated to be transferred into income statement within 1 year was recognized as other current liabilities.

#### 37. Other non-current liabilities

| Item                                                       | At 30 June 2015 | At 1 January 2015 |
|------------------------------------------------------------|-----------------|-------------------|
| Prepayment for purchasing the exploration licence of Nissa | 13,461          | –                 |
| <b>Total</b>                                               | <b>13,461</b>   | <b>–</b>          |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 38. Share capital

| Shareholders names/category                             | At 1 January 2015 |                   | Increase/reversal during the reporting period |                                    |                                               |          |          | At 30 June 2015  |                   |
|---------------------------------------------------------|-------------------|-------------------|-----------------------------------------------|------------------------------------|-----------------------------------------------|----------|----------|------------------|-------------------|
|                                                         | Amount            | Proportion<br>(%) | New<br>shares<br>Issue                        | Shares<br>dividend<br>distribution | Reserve<br>transferred<br>to share<br>capital | Others   | Subtotal | Amount           | Proportion<br>(%) |
|                                                         |                   |                   |                                               |                                    |                                               |          |          |                  |                   |
| <b>Listed shares with restricted trading conditions</b> |                   |                   |                                               |                                    |                                               |          |          |                  |                   |
| Held by state-owned legal person                        | -                 | -                 | -                                             | -                                  | -                                             | -        | -        | -                | -                 |
| Held by executives                                      | 20                | -                 | -                                             | -                                  | -                                             | -        | -        | 20               | -                 |
| <b>Subtotal</b>                                         | <b>20</b>         | <b>-</b>          | <b>-</b>                                      | <b>-</b>                           | <b>-</b>                                      | <b>-</b> | <b>-</b> | <b>20</b>        | <b>-</b>          |
| <b>Shares without trading conditions</b>                |                   |                   |                                               |                                    |                                               |          |          |                  |                   |
| Ordinary shares in RMB                                  | 2,959,980         | 60                | -                                             | -                                  | -                                             | -        | -        | 2,959,980        | 60                |
| Foreign shares listed overseas                          | 1,958,400         | 40                | -                                             | -                                  | -                                             | -        | -        | 1,958,400        | 40                |
| <b>Subtotal</b>                                         | <b>4,918,380</b>  | <b>100</b>        | <b>-</b>                                      | <b>-</b>                           | <b>-</b>                                      | <b>-</b> | <b>-</b> | <b>4,918,380</b> | <b>100</b>        |
| <b>Total</b>                                            | <b>4,918,400</b>  | <b>100</b>        | <b>-</b>                                      | <b>-</b>                           | <b>-</b>                                      | <b>-</b> | <b>-</b> | <b>4,918,400</b> | <b>100</b>        |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 39. Other equity instrument

| Financial instruments issued               | At 1 January 2015 |                 | Increase |                 | Decrease |                 | At 30 June 2015 |                 |
|--------------------------------------------|-------------------|-----------------|----------|-----------------|----------|-----------------|-----------------|-----------------|
|                                            | Quantity          | Carrying amount | Quantity | Carrying amount | Quantity | Carrying amount | Quantity        | Carrying amount |
| First issuance of perpetual bond (Note 1)  | 14,865            | 1,486,500       |          |                 |          |                 | 14,865          | 1,486,500       |
| Second issuance of perpetual bond (Note 2) | 9,985             | 998,500         |          |                 |          |                 | 9,985           | 998,500         |
| Third issuance of perpetual bond (Note 1)  | –                 | –               | 19,820   | 1,982,000       |          |                 | 19,820          | 1,982,000       |
| Fourth issue of perpetual bond (Note 3)    | –                 | –               | 19,820   | 1,982,000       |          |                 | 19,820          | 1,982,000       |
| Total                                      | 24,850            | 2,485,000       | 39,640   | 3,964,000       | –        | –               | 64,490          | 6,449,000       |

Note 1: The Company issued first tranche of private directional debt financing instrument amounting to RMB1.5 billion to 4 entities including Agricultural Bank of China Limited and etc. in September 2014. The Company raised fund of RMB1.487 billion excluding the cost of issue through this instrument with no fixed term of repayment and face value of 100. Unless there is deferred interest payment, the Company shall annually pay bond purchaser interest based on fixed interest rate of 6.8% which will be reset once every three years. The Company issued 2015 first tranche of private directional debt financing instrument amounting to RMB2 billion to 6 entities including Agricultural Bank of China Limited and etc. in April 2015. The Company raised fund of RMB1.982 billion excluding the cost of issue through this instrument with no fixed repayment period and face value of 100. Unless there is deferred interest payment, the Company shall annually pay bond purchaser interest based on fixed interest rate of 6.5% which will be reset once every three years.

Note 2: The Company issued second tranche of private directional debt financing instrument amounting to RMB1 billion to 4 entities including Bank of China Limited and etc. in November 2014. The Company raised fund of RMB999 million excluding the cost of issue through this instrument with no fixed repayment period and face value of 100. Unless there is deferred interest payment, the Company shall annually pay bond purchaser interest based on fixed interest rate of 6.8% which will be reset once every three years.

Note 3: The Company issued first tranche of medium-term notes amounting to RMB2 billion in April 2015. The Company raised fund of RMB1.982 billion excluding the cost of issue through this instrument with no fixed repayment period and face value of 100. Unless there is deferred interest payment, the Company shall annually pay bond purchaser interest based on fixed interest rate of 6.19% which will be reset once every three years.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 40. Capital reserves

| Items                  | At 1 January 2015 | Addition | Reversals | At 30 June 2015  |
|------------------------|-------------------|----------|-----------|------------------|
| Share premium          | 1,270,513         |          |           | 1,270,513        |
| Other capital reserves | 15,478            |          |           | 15,478           |
| <b>Total</b>           | <b>1,285,991</b>  |          |           | <b>1,285,991</b> |

#### 41. Other comprehensive income

| Items                                                                                                                              | Increase/decrease of current year |                   |                                                                                                                                                                |                       |                                                       |                                                          | At 30 June 2015   |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------------------------------------------|----------------------------------------------------------|-------------------|
|                                                                                                                                    | At 1 January 2015                 | Increase/decrease | Including:<br>amount recognised<br>in other<br>comprehensive<br>income in prior<br>periods and<br>transferred<br>to profits<br>and losses at<br>current period | Income tax<br>expense | Attributable to<br>the parent<br>company<br>after tax | Attributable<br>to minority<br>shareholders<br>after tax |                   |
| Other comprehensive income that will be reclassified to profits and losses in the future                                           |                                   |                   |                                                                                                                                                                |                       |                                                       |                                                          |                   |
| Including:                                                                                                                         |                                   |                   |                                                                                                                                                                |                       |                                                       |                                                          |                   |
| Earnings from other comprehensive income that will be reclassified to profits and losses in invested companies under equity method | 12,410                            | 22,637            | –                                                                                                                                                              | –                     | 22,637                                                | –                                                        | 35,047            |
| Profits or losses from changes in fair value of AFS financial assets                                                               | 127,775                           | 132,947           | –                                                                                                                                                              | 33,237                | 99,710                                                | –                                                        | 227,485           |
| Effective hedging profits or losses of cash flow                                                                                   | -1,456,342                        | 165,780           | 63,432                                                                                                                                                         | -133,819              | 185,053                                               | 51,114                                                   | -1,271,289        |
| Foreign translation difference                                                                                                     | -4,637,920                        | -2,492,693        | –                                                                                                                                                              | –                     | -2,062,787                                            | -429,906                                                 | -6,700,707        |
| <b>Total</b>                                                                                                                       | <b>-5,954,077</b>                 | <b>-2,171,329</b> | <b>63,432</b>                                                                                                                                                  | <b>-100,582</b>       | <b>-1,755,387</b>                                     | <b>-378,792</b>                                          | <b>-7,709,464</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 42. Special reserves

| Items                                    | At 1 January 2015 | Increase       | Decrease         | At 30 June 2015  |
|------------------------------------------|-------------------|----------------|------------------|------------------|
| Maintenance fees                         | 833,447           | 147,516        | 851,399          | 129,564          |
| Production safety expenses               | 264,217           | 337,407        | 293,660          | 307,964          |
| Specific fund for reform and development | 611,513           | –              | –                | 611,513          |
| Environmental guarantee deposit          | 48,960            | –              | –                | 48,960           |
| Production transforming fund             | 26,875            | –              | –                | 26,875           |
| <b>Total</b>                             | <b>1,785,012</b>  | <b>484,923</b> | <b>1,145,059</b> | <b>1,124,876</b> |

#### 43. Surplus reserves

| Items                     | At 1 January 2015 | Increase      | Decrease | At 30 June 2015  |
|---------------------------|-------------------|---------------|----------|------------------|
| Statutory surplus reserve | 5,900,135         | 75,959        | –        | 5,976,094        |
| <b>Total</b>              | <b>5,900,135</b>  | <b>75,959</b> | <b>–</b> | <b>5,976,094</b> |

#### 44. Retained earnings

| Items                                                                                | 2015              |
|--------------------------------------------------------------------------------------|-------------------|
| <b>Closing balance of last period</b>                                                | <b>28,778,217</b> |
| Add: adjustment from opening balance of retained earnings                            | –                 |
| Including: changes in accounting policies                                            | –                 |
| <b>Opening balance of the reporting period</b>                                       | <b>28,778,217</b> |
| Add: net profit attributable to shareholders of parent company                       | 629,213           |
| Including: net profit attribute to other equity instrument holders of parent company | 132,897           |
| Less: Appropriations to statutory surplus reserve                                    | 75,959            |
| Distribution of dividend of ordinary shares                                          | 98,368            |
| Others                                                                               | –                 |
| <b>Closing balance of the reporting period</b>                                       | <b>29,233,103</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 45. Minority interest

| Items                                                          | At 30 June<br>2015 | At 1 January<br>2015 |
|----------------------------------------------------------------|--------------------|----------------------|
| Minority interest attribute to ordinary share holders          | 2,059,539          | 2,585,768            |
| Minority interest attribute to other equity instrument holders | 1,855,392          | 1,855,005            |
| <b>Total</b>                                                   | <b>3,914,931</b>   | <b>4,440,773</b>     |

(1) *Minority interest attribute to ordinary share holders*

| Subsidiary                        | Proportion of<br>minority interest (%) | At 30 June 2015  | At 1 January 2015 |
|-----------------------------------|----------------------------------------|------------------|-------------------|
| Coal Trading Centre               | 49                                     | 43,126           | 44,194            |
| Coal Storage and Blending Company | 49                                     | 167,625          | 162,714           |
| Zhongyan Company                  | 47.62                                  | 3,578            | 3,538             |
| Haosheng Company                  | 25.18                                  | 2,465,483        | 2,467,988         |
| Yancoal Australia                 | 22                                     | -760,147         | -224,560          |
| Shanxi Tianchi                    | 18.69                                  | 17,450           | 14,989            |
| Yanmei Shipping                   | 8                                      | 2,325            | 1,599             |
| Hua Ju Energy                     | 4.86                                   | 59,471           | 56,437            |
| Heze Neng Hua                     | 1.67                                   | 60,628           | 58,869            |
| Shanxi Tianhao                    | 0.11                                   | –                | –                 |
| <b>Total</b>                      |                                        | <b>2,059,539</b> | <b>2,585,768</b>  |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 45. Minority interest – continued

(2) *Minority interest attribute to other equity instrument holders*

1) Details of minority interest attribute to other equity instrument holders at 30 June 2015

| Financial instrument issued                    | Issue date       | Classification    | Interest rate | At 30 June 2015  |
|------------------------------------------------|------------------|-------------------|---------------|------------------|
| Senior secured perpetual capital bond (Note 1) | 15 May 2014      | Equity instrument | 7.20%         | 1,852,290        |
| Subordinated capital note (Note 2)             | 31 December 2014 | Equity instrument | 7%            | 3,102            |
| <b>Total</b>                                   |                  |                   |               | <b>1,855,392</b> |

Note 1: With the approval of Hong Kong Exchanges and Clearing Limited, Yancoal International Trading Co., Ltd., a subsidiary of the Company, issued USD300 million (RMB1.836 billion) of senior secured perpetual capital bond secured by the Company on 15 May 2014. The annual interest of the senior secured perpetual capital bond is 7.2% paid every half year since the issue date (including the issue date) until 22 May 2016 which is the first reset date (excluding this date). Yancoal International Trading Co., Ltd. can decide by itself whether defer interest payment or not. The perpetual capital bond has no fixed expiring date and will be redeemed on 22 May 2016 or later decided by Yancoal International Trading Co., Ltd. based on principal and any unpaid deferred interest. As at the end of the reporting period, undistributed interest is RMB 16.507 million.

Note 2: Yancoal Australia, a subsidiary of the Company, issued 18,005,102 of subordinated capital notes with par value of USD100 per note through its wholly-owned subsidiary SCN Company on 31 December 2014. Each note can be converted to 1,000 of ordinary shares of Yancoal Australia. The subordinated capital notes have been traded in ASX with code "YCNPA" in deferred settlement since 2 January 2015. They have also been traded in normal settlement since 8 January 2015. The Company has purchased all the notes except those issued to third parties amounting to RMB 3,102,000. The original annual distributed rate is 7% with payment every half year. These bonds are unsecured convertible equity bonds which bond holders have the right to redeem. Unless the bond issuer redeems the bond or the bond holders convert the bonds into shares, there is no expiring date for this bond. The redemption price is the par value adding unpaid deferred interest. The bond holders have the right to convert the bonds into one ordinary share of Yancoal Australia on USD0.1 per share after 40 days of issuance until 30 years after the issue date.

2) Changes on minority interest attribute to other equity instrument holders

| Financial instrument issued           | At 1 January 2015 | Increase   | Decrease | At 30 June 2015  |
|---------------------------------------|-------------------|------------|----------|------------------|
| Senior secured perpetual capital bond | 1,851,903         | 387        | –        | 1,852,290        |
| Subordinated capital notes            | 3,102             | –          | –        | 3,102            |
| <b>Total</b>                          | <b>1,855,005</b>  | <b>387</b> | <b>–</b> | <b>1,855,392</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 46. Information on other equity instrument holders

| Items                                                                  | At 30 June 2015   | At 1 January 2015 |
|------------------------------------------------------------------------|-------------------|-------------------|
| <b>1. Equity attribute to ordinary share holders of parent company</b> | <b>41,278,000</b> | 39,198,678        |
| (1) Equity attribute to ordinary share holders in parent company       | 34,696,103        | 36,677,222        |
| (2) Equity attribute to other equity holders in parent company         | 6,581,897         | 2,521,456         |
| <b>2. Minority interest</b>                                            | <b>3,914,931</b>  | 4,440,773         |
| (1) Minority interest attribute to ordinary share holders              | 2,059,539         | 2,585,768         |
| (2) Minority interest attribute to other equity instrument holders     | 1,855,392         | 1,855,005         |

#### 47. Operating income and operating cost

| Items                | Current year      |                   | Last year  |            |
|----------------------|-------------------|-------------------|------------|------------|
|                      | Revenue           | Cost              | Revenue    | Cost       |
| Principal operations | 18,143,957        | 12,862,407        | 30,933,390 | 24,976,364 |
| Other operations     | 6,999,449         | 7,353,183         | 1,495,222  | 1,876,731  |
| <b>Total</b>         | <b>25,143,406</b> | <b>20,215,590</b> | 32,428,612 | 26,853,095 |

Total sales income from the five largest customers during the reporting period was RMB4.92872 billion, which accounts for 19.60% in total revenue.

#### 48. Operating taxes and surcharges

| Items                                 | Current year   | Last year |
|---------------------------------------|----------------|-----------|
| Business tax                          | 6,558          | 1,212     |
| City maintenance and construction tax | 68,329         | 107,252   |
| Education surcharge                   | 31,544         | 47,583    |
| Local education surcharge             | 21,015         | 31,064    |
| Resource tax                          | 253,979        | 85,581    |
| Water conservancy construction fund   | 11,490         | 12,831    |
| <b>Total</b>                          | <b>392,915</b> | 285,523   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 49. Selling expenses

| Items                                                | Current year     | Last year        |
|------------------------------------------------------|------------------|------------------|
| Freight charges, coal port dues and loading cost     | 973,650          | 1,172,158        |
| Mining royalty (Note)                                | 211,068          | 300,443          |
| Salaries, social insurance and benefits of employees | 20,131           | 21,214           |
| Others                                               | 57,759           | 74,395           |
| <b>Total</b>                                         | <b>1,262,608</b> | <b>1,568,210</b> |

Note: Royalties are expenses incurred during the sales process, which are levied by Australian Government to the Australian subsidiaries of the Company.

#### 50. Administrative expenses

| Items                                                    | Current year     | Last year        |
|----------------------------------------------------------|------------------|------------------|
| Salaries, social insurance and benefits of employees     | 887,810          | 1,079,243        |
| Taxes                                                    | 325,750          | 388,523          |
| Materials and repairing expenses                         | 237,083          | 235,766          |
| Depreciation expense                                     | 173,275          | 217,646          |
| Property management fees                                 | 58,310           | 68,560           |
| Business travel, office, conference and hospitality fees | 50,575           | 42,769           |
| Amortization, leasing fees, etc                          | 43,524           | 38,448           |
| Commission, consulting and service charges               | 29,206           | 44,155           |
| Research and development costs                           | 19,840           | 27,940           |
| Mineral resources compensation fees                      | –                | 99,155           |
| Others                                                   | 49,635           | 100,721          |
| <b>Total</b>                                             | <b>1,875,008</b> | <b>2,342,926</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 51. Financial expenses

| Items                         | Current year     | Last year      |
|-------------------------------|------------------|----------------|
| Interest expenses             | 1,496,891        | 1,120,423      |
| Less: interest income         | 473,214          | 319,190        |
| Add: exchange gains or losses | -80,314          | -56,381        |
| Add: other expenses           | 72,291           | 61,225         |
| <b>Total</b>                  | <b>1,015,654</b> | <b>806,077</b> |

#### 52. Impairment loss

| Items                          | Current year   | Last year      |
|--------------------------------|----------------|----------------|
| Allowance for bad debt         | 31,829         | 17,019         |
| Impairment loss of inventories | 137,060        | 113,657        |
| <b>Total</b>                   | <b>168,889</b> | <b>130,676</b> |

#### 53. Gains/losses from changes in fair value

| Items                                          | Current year   | Last year      |
|------------------------------------------------|----------------|----------------|
| FVTPL financial assets                         | 246,210        | –              |
| FVTPL financial liabilities                    | 664            | –              |
| Contingent Value Rights (CVR)                  | –              | -19,697        |
| Mining royalty receivable (see “VI. 9 Note 1”) | 11,606         | -42,289        |
| <b>Total</b>                                   | <b>258,480</b> | <b>-61,986</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 54. Investment income

##### (1) Sources of investment income

| Items                                                                                             | Current year   | Last year      |
|---------------------------------------------------------------------------------------------------|----------------|----------------|
| Long-term equity investment income under equity method                                            | 149,982        | -89,353        |
| Investment income from the holding of held-to-maturity investment                                 | 44,375         | –              |
| Investment income from the disposal of financial liabilities at fair value through profit or loss | 2,375          | –              |
| Investment income from the holding of available-for sale financial assets                         | 60             | 85             |
| <b>Total</b>                                                                                      | <b>196,792</b> | <b>-89,268</b> |

##### (2) Long-term equity investment income under equity method

| Items                                                           | Current year | Last year | Reasons for change between two periods                                              |
|-----------------------------------------------------------------|--------------|-----------|-------------------------------------------------------------------------------------|
| Total                                                           | 149,982      | -89,353   |                                                                                     |
| Including:                                                      |              |           |                                                                                     |
| China HD Zouxian Co., Ltd.                                      | 168,378      | 81,737    | Profit change for the period                                                        |
| Shanxi Future Energy Chemicals Co., Ltd.                        | 40,661       | –         | Profit change for the period                                                        |
| Yankuang Group Finance Co., Ltd                                 | 18,590       | 17,503    | Profit change for the period                                                        |
| Shengdi Fenlei Coal Preparation Engineering (Tianjin) Co., Ltd. | 3,116        | 942       | Profit change for the period                                                        |
| Middle mount Joint Venture                                      | -80,763      | -190,598  | Profit change for the period                                                        |
| Ashton Coal Mines Limited                                       | –            | 1,063     | Be consolidated into the Company's consolidated financial statement in 30 Sep. 2014 |
| Shandong Shengyang Wood Co., Ltd                                | –            | –         |                                                                                     |
| Jining Jiemei New Wall Materials Co., Ltd.                      | –            | –         |                                                                                     |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 55. Non-operating income

##### (1) Breakdown of non-operating income

| Items                                        | Current year   | Last year      | Amount for current year's extraordinary profits or losses |
|----------------------------------------------|----------------|----------------|-----------------------------------------------------------|
| Gains on disposal of non-current assets      | 2,237          | 2,751          | 2,237                                                     |
| Including: gains on disposal of fixed assets | 2,237          | 2,751          | 2,237                                                     |
| Government grants (2)                        | 190,988        | 98,036         | 190,988                                                   |
| Acquisition gains (Note 1)                   | 38,083         | –              | 38,083                                                    |
| Deferred income                              | 1,627          | 2,053          | 1,627                                                     |
| Others (Note 2)                              | 150,113        | 287,677        | 150,113                                                   |
| <b>Total</b>                                 | <b>383,048</b> | <b>390,517</b> | <b>383,048</b>                                            |

Note 1: The gain is resulted from the acquisition on the 1% share of Moolarben Joint Venture by Yancoal Australia, a subsidiary of the Company.

Note 2: Others are funds for supporting enterprise development by Yanzhou Municipal Finance Bureau.

##### (2) Breakdown of government grants

| Items                                                                                              | Current year   | Last year     | Sources and basis           | Related to assets/related to earnings |
|----------------------------------------------------------------------------------------------------|----------------|---------------|-----------------------------|---------------------------------------|
| Fund for supporting enterprise development by Finance Bureau of Yanzhou District, Jining City      | 110,000        | –             | Yancai (2015) No. 33        | Earnings                              |
| Fund for supporting enterprise development by Finance Bureau of Yanzhou District, Jining City      | 50,000         | –             | Yancai (2015) No. 37        | Earnings                              |
| Fiscal supporting fund to replace the business tax with a VAT by Zoucheng Municipal Finance Bureau | 15,030         | –             | Lucaishui (2013) No. 49     | Earnings                              |
| Taxation reduction on product from comprehensive use of resources                                  | 13,654         | –             | Lujingxinxun (2014) No.637  | Earnings                              |
| Fund for supporting enterprise development by Finance Bureau of Yanzhou City                       | –              | 95,000        | Yancai (2014) No. 11        | Earnings                              |
| Taxation reduction on product from comprehensive use of resources                                  | –              | 2,704         | Jiguoshuiliupi (2011) No. 1 | Earnings                              |
| Others                                                                                             | 2,304          | 332           |                             |                                       |
| <b>Total</b>                                                                                       | <b>190,988</b> | <b>98,036</b> |                             |                                       |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 56. Non-operating expenses

| Items                                              | Current year  | Last year     | Amount for<br>current year's<br>extraordinary gain/(loss) |
|----------------------------------------------------|---------------|---------------|-----------------------------------------------------------|
| Loss on disposal of non-current assets             | 13,311        | 3,369         | 13,311                                                    |
| Including: loss on disposal of fixed assets        | 13,311        | 3,369         | 13,311                                                    |
| Donation expenditure                               | 5,050         | 1,545         | 5,050                                                     |
| Penalty, supplementary payment and overdue payment | 62,490        | 2,877         | 62,490                                                    |
| Other                                              | 1,126         | 3,928         | 1,126                                                     |
| <b>Total</b>                                       | <b>81,977</b> | <b>11,719</b> | <b>81,977</b>                                             |

#### 57. Income taxes

##### (1) Income taxes

| Items                       | Current year   | Last year     |
|-----------------------------|----------------|---------------|
| Current tax expense         | 321,509        | 536,805       |
| Other deferred tax expenses | 102,689        | -484,222      |
| <b>Total</b>                | <b>424,198</b> | <b>52,583</b> |

##### (2) Adjustment of accounting profits and income taxes

| Items                                                                                                                               | Current year |
|-------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Total consolidated income this year                                                                                                 | 969,085      |
| Income taxes calculated by statutory/applicable tax rate                                                                            | 242,271      |
| Effect of different applicable tax rate by subsidiaries                                                                             | -30,020      |
| Effect of adjustments for current tax of prior periods                                                                              | 252,435      |
| Effect of revenue which are not taxable                                                                                             | -63,670      |
| Effect of deemed sales income                                                                                                       | 23,451       |
| Effect of cost, expenses and losses which are not deductible                                                                        | 55,860       |
| Effect of using deductible losses which are not recognized to<br>deferred income tax assets in prior period                         | -26,401      |
| Effect of deductible temporary difference and deductible losses<br>which are not recognized to deferred income tax assets this year | 14,114       |
| Effect on de-recognition of MRRT                                                                                                    | -6,771       |
| Tax-free investment income                                                                                                          | -58,295      |
| Others                                                                                                                              | 21,224       |
| Income tax expenses                                                                                                                 | 424,198      |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 58. Other comprehensive income

For details, please refer to Note “VI, 41. Other comprehensive income”

#### 59. Cash flow

(1) Cash received/paid relating to operating activities, investing activities and financing activities

##### 1) CASH RECEIVED RELATING TO OTHER OPERATING ACTIVITIES

| Items                                              | Current year   |
|----------------------------------------------------|----------------|
| Interest income                                    | 271,679        |
| Cash received from advance payment                 | 100,408        |
| Revenue from government grants and supporting fund | 247,834        |
| Sundry revenue                                     | 314,085        |
| <b>Total</b>                                       | <b>934,006</b> |

##### 2) CASH PAID RELATING TO OTHER OPERATING ACTIVITIES

| Items                                            | Current year     |
|--------------------------------------------------|------------------|
| Payments for selling and administrative expenses | 603,838          |
| Sundry cash payment                              | 580,319          |
| Donation expenditure                             | 4,570            |
| Penalty and Overdue Fines                        | 93,123           |
| <b>Total</b>                                     | <b>1,281,850</b> |

##### 3) CASH RECEIVED RELATING TO OTHER INVESTING ACTIVITIES

| Items                         | Current year  |
|-------------------------------|---------------|
| Structured interests received | 82,040        |
| Deposit received              | 13,917        |
| <b>Total</b>                  | <b>95,957</b> |

##### 4) CASH PAID RELATING TO OTHER FINANCING ACTIVITIES

| Items                                                      | Current year  |
|------------------------------------------------------------|---------------|
| Commissions from issuing bonds, acquiring borrowings, etc. | 14,044        |
| <b>Total</b>                                               | <b>14,044</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 59. Cash flow – continued

(2) Supplemental information of consolidated cash flow statement

| Items                                                                                           | Current year    | Last year        |
|-------------------------------------------------------------------------------------------------|-----------------|------------------|
| <b>1. Reconciliation of net profit to net cash flow from operating activities</b>               |                 |                  |
| Net profit                                                                                      | 544,887         | 617,066          |
| Add: Provision for impairment of assets                                                         | 168,889         | 130,676          |
| Depreciation of fixed assets                                                                    | 1,596,088       | 1,460,961        |
| Amortization of intangible assets                                                               | 435,818         | 589,568          |
| Amortization of long-term deferred expenses                                                     | 733             | 4                |
| Accrued special reserves                                                                        | 489,857         | 532,898          |
| Losses on disposal of fixed assets, intangible and other long-term assets ("-" represents gain) | 11,074          | 618              |
| Losses on fair value change ("-" represents gain)                                               | -258,480        | 61,986           |
| Financial costs ("-" represents gain)                                                           | 1,317,049       | 1,212,537        |
| Loss arising from investments ("-" represents gain)                                             | -196,792        | 89,268           |
| Gains arising from acquisition                                                                  | -38,083         |                  |
| Decreased of deferred tax assets ("-" represents increase)                                      | 624,408         | -880,652         |
| Increased of deferred tax liabilities ("-" represents decrease)                                 | -521,719        | 396,430          |
| Decrease in inventories ("-" represents increase)                                               | -480,296        | 10,723           |
| Decrease in receivables from operating activities ("-" represents increase)                     | -1,018,669      | -1,908,819       |
| Increase in payables from operating activities ("-" represents decrease)                        | -3,261,585      | -2,558,380       |
| <b>Net cash flow from operating activities</b>                                                  | <b>-586,821</b> | <b>-245,116</b>  |
| <b>2. Major investing and financing activities not related to cash flow</b>                     |                 |                  |
| Capital transferred from debt                                                                   | -               | -                |
| Convertible corporate bond due within 1 year                                                    | -               | -                |
| Fixed assets on finance lease                                                                   | -               | -                |
| <b>3. Changes in cash and cash equivalents</b>                                                  |                 |                  |
| Ending balance of cash                                                                          | 20,601,161      | 13,700,635       |
| Less: opening balance of cash                                                                   | 20,207,279      | 10,965,667       |
| Add: ending balance of cash equivalents                                                         | -               | -                |
| Less: opening balance of cash equivalents                                                       | -               | -                |
| <b>Net addition in cash and cash equivalents</b>                                                | <b>393,882</b>  | <b>2,734,968</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 59. Cash flow – continued

(3) *Cash and cash equivalents*

| Items                                                                                                        | Current year | Last year |
|--------------------------------------------------------------------------------------------------------------|--------------|-----------|
| Cash                                                                                                         |              |           |
| Including: Cash on hand                                                                                      | 702          | 1,007     |
| Bank deposits that can be readily drawn on demand                                                            | 20,128,009   | 8,299,466 |
| Other cash that can be readily drawn on demand                                                               | 472,450      | 1,557     |
| Cash equivalents                                                                                             |              | –         |
| Ending balance of cash and cash equivalents                                                                  | 20,601,161   | 8,302,030 |
| Including: Cash and cash equivalents with restricted use right by the Company or subsidiaries of the Company |              |           |

#### 60. Assets with restricted ownership or right to use

| Items                     | Carrying amount<br>at 30 June 2015 | Restricted reason                                             |
|---------------------------|------------------------------------|---------------------------------------------------------------|
| Cash and cash equivalents | 242,959                            | Environment management<br>guarantee deposit and other deposit |
| Notes receivable          | 649,991                            | Acceptance bill pledging                                      |
| Construction in progress  | 1,319,956                          | Mortgage loan                                                 |
| Intangible asset          | 10,044,846                         | Mortgage loan                                                 |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VI. NOTES TO CONSOLIDATION FINANCIAL STATEMENTS – CONTINUED

#### 61. Foreign currency denominated monetary items

(1) *Foreign currency denominated monetary items*

| Items                                     | At 30 June 2015 | Foreign<br>exchange rate | RMB translation balance<br>at 30 June 2015 |
|-------------------------------------------|-----------------|--------------------------|--------------------------------------------|
| Cash and cash equivalents                 |                 |                          |                                            |
| Including: USD                            | 375,560         | 6.1136                   | 2,296,025                                  |
| EUR                                       | 1,992           | 6.8699                   | 13,685                                     |
| GBP                                       | 1               | 9.6422                   | 9                                          |
| Accounts receivable                       |                 |                          |                                            |
| Including: USD                            | 32,095          | 6.1136                   | 196,218                                    |
| Other payable:                            |                 |                          |                                            |
| Including: USD                            | 2,739           | 6.1136                   | 16,747                                     |
| Accounts payable:                         |                 |                          |                                            |
| Including: USD                            | 45,863          | 6.1136                   | 280,389                                    |
| Short-term borrowing                      |                 |                          |                                            |
| Including: USD                            | 150,000         | 6.1136                   | 917,040                                    |
| Non-current liabilities due within 1 year |                 |                          |                                            |
| Including: USD                            | 311,213         | 6.1136                   | 1,902,632                                  |
| Long-term borrowing:                      |                 |                          |                                            |
| Including: USD                            | 4,687,716       | 6.1136                   | 28,658,819                                 |
| Bond payable:                             |                 |                          |                                            |
| Including: USD                            | 10,000,000      | 6.1136                   | 61,136,000                                 |

(2) *Overseas operating entities*

The significant overseas operating entities of the Company are Hong Kong Company and Yancoal Australia. The functional currency of the above companies is HK dollars and Australian dollars, respectively.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VII. THE CHANGES OF CONSOLIDATION SCOPE

#### 1. Business combination not under common control

(1) *Current-year Business combination not under common control*

On 30 March 2015, Moolarben Coal Mines Pty Limited ("MCM") a subsidiary of Yancoal Australia Ltd ("Yancoal", the subsidiary of the Company) accepted the Hanwha Resources (Australia) Pty Limited ("Hanwha") offer to sell its 1% interest in the Moolarben Joint Venture ("Moolarben"). Consideration is AUD 19.26 million. Yancoal Australia owns 81% of Moolarben's share after the acquisition of the 1% equity.

(2) *Cost and goodwill of business combination*

| Items (in thousand AUD)                              | Moolarben Joint Venture |
|------------------------------------------------------|-------------------------|
| Acquisition cost                                     | 19,264                  |
| Less: Fair value of net identifiable assets acquired | 27,161                  |
| Goodwill/gain on business combination                | -7,897                  |

(3) *Identifiable assets and liabilities as at acquisition date*

| Items (in thousand AUD)   | Moolarben Joint Venture        |                                |
|---------------------------|--------------------------------|--------------------------------|
|                           | Fair value at acquisition date | Book value at acquisition date |
| <b>Assets:</b>            |                                |                                |
| Cash and cash equivalents | 93                             | 93                             |
| Accounts receivable       | 431                            | 431                            |
| Inventory                 | 326                            | 326                            |
| Fixed assets              | 6,095                          | 6,095                          |
| Intangible assets         | 24,022                         | 24,022                         |
| Other assets              | 479                            | 479                            |
| <b>Liabilities:</b>       |                                |                                |
| Accounts payable          | -587                           | -587                           |
| Contingent liabilities    | -150                           | -150                           |
| Deferred tax liabilities  | -3,548                         | -3,548                         |
| Net assets                | 27,161                         | 27,161                         |
| Less: minority interest   | —                              | —                              |
| Net assets acquired       | 27,161                         | 27,161                         |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES

#### 1. Equity in Subsidiaries

##### 1. Organisational structure of the Company

| Name of subsidiaries                                   | Place of operation | Place of registration | Registered capital<br>(RMB'0000) | Business nature                                                                   | Equity holding |          |
|--------------------------------------------------------|--------------------|-----------------------|----------------------------------|-----------------------------------------------------------------------------------|----------------|----------|
|                                                        |                    |                       |                                  |                                                                                   | Direct         | Indirect |
| I. Subsidiaries acquired under common control          |                    |                       |                                  |                                                                                   |                |          |
| Second-tier subsidiaries                               |                    |                       |                                  |                                                                                   |                |          |
| Yanzhou Coal Shanxi Neng Hua Co., Ltd                  | Jinzhong, Shanxi   | Jinzhong, Shanxi      | 60,000                           | Thermoelectricity investment, coal technology service                             | 100.00         |          |
| Shandong Hua Ju Energy Co., Ltd                        | Zoucheng, Shandong | Zoucheng, Shandong    | 28,859                           | Production and sales of thermal power and comprehensive utilization of waste heat | 95.14          |          |
| Zoucheng Yankuang Beisheng Industry and Trade Co., Ltd | Zoucheng, Shandong | Zoucheng, Shandong    | 240                              | Refuse selecting and processing, cargo transportation                             | 100.00         |          |
| II. Subsidiaries acquired not under common control     |                    |                       |                                  |                                                                                   |                |          |
| Second-tier subsidiaries                               |                    |                       |                                  |                                                                                   |                |          |
| Shandong Yanmei Shipping Co., Ltd.                     | Jining, Shandong   | Jining, Shandong      | 550                              | Freight transportation and coal sales                                             | 92.00          |          |
| Inner Mongolia Haosheng Coal Mining Company Limited    | Ordos              | Ordos                 | 80,000                           | Sales of coal mining machinery and equipment and accessories                      | 74.82          |          |
| Third-tier subsidiaries                                |                    |                       |                                  |                                                                                   |                |          |
| Gloucester Coal Ltd.                                   | Australia          | Australia             | 71,972 (AUD)                     | Development and operating of coal and relevant resources                          |                | 100.00   |
| Fourth-tier subsidiaries                               |                    |                       |                                  |                                                                                   |                |          |
| Yancoal Resources Ltd                                  | Australia          | Australia             | 44,641 (AUD)                     | Exploring and extracting coal resources                                           |                | 100.00   |
| Syntech Holdings Pty Ltd                               | Australia          | Australia             | 22,347 (AUD)                     | Holding company and mining management                                             |                | 100.00   |
| Syntech Holdings II Pty Ltd                            | Australia          | Australia             | 632 (AUD)                        | Holding company                                                                   |                | 100.00   |
| Premier Coal Limited                                   | Australia          | Australia             | 878 (AUD)                        | Coal mining and sales                                                             |                | 100.00   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 1. Organisational structure of the Company – continued

| Name of subsidiaries                                            | Place of operation | Place of registration | Registered capital | Business nature                                              | Equity holding |          |
|-----------------------------------------------------------------|--------------------|-----------------------|--------------------|--------------------------------------------------------------|----------------|----------|
|                                                                 |                    |                       | (RMB'0000)         |                                                              | Direct         | Indirect |
| III. Subsidiaries established by investment                     |                    |                       |                    |                                                              |                |          |
| Qingdao Free Trade Zone Zhongyan Trade Co., Ltd                 | Qingdao, Shandong  | Qingdao, Shandong     | 210                | Trade and storage in free trade zone                         | 52.38          |          |
| Yanzhou Coal Mining Yulin Neng Hua Co., Ltd                     | Yulin, Shaanxi     | Yulin, Shaanxi        | 140,000            | Production and sales of methanol and acetic acid             | 100.00         |          |
| Yanmei Heze Neng Hua Co., Ltd                                   | Heze, Shandong     | Heze, Shandong        | 300,000            | Coal mining and sales                                        | 98.33          |          |
| Yanzhou Coal Ordos Neng Hua Co., Ltd                            | Inner Mongolia     | Inner Mongolia        | 810,000            | Production and sales of methanol (600,000 tons)              | 100.00         |          |
| Yancoal Australia Limited                                       | Australia          | Australia             | 310,556 (AUD)      | Investment and shareholding                                  | 78.00          |          |
| Yancoal International (Holding) Co., Ltd.                       | Hong Kong          | Hong Kong             | 68,931 (USD)       | Investment and shareholding                                  | 100.00         |          |
| Shandong Coal Trading Centre Co., Ltd.                          | Zoucheng, Shandong | Zoucheng, Shandong    | 10,000             | Coal spot trade service and management; sales of real estate | 51.00          |          |
| Shandong Yanmei Rizhao Port Coal Storage and Blending Co., Ltd. | Rizhao, Shandong   | Rizhao, Shandong      | 30,000             | Wholesales of coal                                           | 51.00          |          |
| Zhongyin Logistics and Trade Co., Ltd                           | Jinan, Shandong    | Jinan, Shandong       | 30,000             | Sales of coal mining machinery and equipment and accessories | 100.00         |          |
| Zhongyin Financial Leasing Co., Ltd                             | Shanghai           | Shanghai              | 50,000             | Finance lease                                                | 100.00         |          |
| Duanxin Investment Holdings (Beijing) Co., Ltd                  | Beijing            | Beijing               | 1,000              | Investment management                                        | 100.00         |          |
| Third-tier subsidiaries                                         |                    |                       |                    |                                                              |                |          |
| Austar Coal Mine Pty Limited.                                   | Australia          | Australia             | 6,400 (AUD)        | Coal mining and sales                                        |                | 100.00   |
| Yancoal Australia Sales                                         | Australia          | Australia             | 0.01 (AUD)         | Coal sales                                                   |                | 100.00   |
| Yancoal SCN Ltd.                                                | Australia          | Australia             | 0.0001 (USD)       | Investment management                                        |                | 100.00   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 1. Organisational structure of the Company – continued

Introduction to the main subsidiaries:

#### 1. Yanzhou Coal Mining Shanxi Neng Hua Co., Ltd

The former of Yanzhou Coal Mining Shanxi Neng Hua Co., Ltd (as referred to “Shanxi Neng Hua”) was Yankuang Jinzhong Neng Hua Co., Ltd established jointly by Yankuang Group and Yankuang Lunan Fertilizer Plant in 2002. In November 2006, Yankuang Group and Yankuang Lunan Fertilizer Plant transferred the equities of Shanxi Neng Hua to the Company and thus the Company held 100% in the total registered capital of RMB600 million. The corporation business license code is 140700100002399, and the legal representative is Mr. Shi Chengzhong. The company is mainly engaged in thermoelectricity investment, mining machinery and equipment and electronic products sales and the comprehensive development in coal technology service, and so on.

As at the end of the reporting date, the subsidiaries of Shanxi Neng Hua are as follows:

| Name of Subsidiaries                  | Place of registration | Registered capital | Business Scope                                                 | Equity held by the Company |
|---------------------------------------|-----------------------|--------------------|----------------------------------------------------------------|----------------------------|
| Shanxi Heshun Tianchi Energy Co., Ltd | Shanxi Heshun         | RMB90 million      | Raw coal mining, further processing, producing and selling     | 81.31                      |
| Shanxi Tianhao Chemicals Co., Ltd     | Shanxi Xiaoyi         | RMB150 million     | Methanol, chemical production, coke production and development | 99.89                      |

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 2. *Inner Mongolia Haosheng Coal Mining Company Limited*

Inner Mongolia Haosheng Coal Mining Company Limited (as referred to “Haosheng Company”) was established in March 2010 by three shareholders, i.e. Shanghai Huayi (Group) Company, Ordos Jiutaimanlai Coal Mining Company, Ordos Jinchengtai Chemical Company, with registered capital of RMB150 million. Haosheng Company is responsible for the operation of Shilawusu coal mine. By series of acquiring and share capital increasing, in January 2013, the Company holds the equity of 74.82% and Haosheng Company became the Company’s subsidiary with registered capital of RMB500 million. In April 2013, on the shareholders’ meeting, a registered capital increasing of RMB300 million was approved. In December 2013, Inner Mongolia Zhonglei Accounting Firm provided a capital verification report ‘Nei Zhonglei Yan Zi (2013)’ with document No. 86 to verify the registered capital increasing. The share capital of Haosheng Company increased to RMB800 million equalling to the Company original holding of 74.82%. The corporation business license code is 150000000009736 and the legal representative is Mr. Wu Xiangqian. The company is mainly engaged in sales of coal mining machinery and equipment and accessories.

##### 3. *Gloucester Coal Ltd.*

Gloucester Coal Ltd (as referred to “Gloucester”), a company with limited liability incorporated in Sydney, Australia, whose shares started to be listed in Australian Securities Exchange (as referred to “ASX”) in 1985, mainly engages in the production and operation of coal and coal related resources. The ACN (Australian Company Number) of Gloucester is 008881712.

Upon the approval at the sixth meeting of the fifth session of the Board and the seventh meeting of the fifth session of the Board held on 22 December 2011 and 5 March 2012, respectively, the Company, Yancoal Australia and Gloucester (the Company’s subsidiaries) entered into a Merger Proposal Deed and an amending deed to the Merger Deed. In accordance with the merger deed and amending deed, Gloucester will make cash distribution to its shareholders and Yancoal Australia will acquire the entire issued share capital of Gloucester (deducting cash distribution); the shareholders of Gloucester may choose to be given a value guarantee provided by the Company who holds shares of Yancoal Australia after merger. Upon the completion of the merger, the Company and Gloucester Shareholders will hold 78% and 22% of the share capital of Yancoal Australia respectively. Yancoal Australia will be listed on ASX instead of Gloucester.

As at 27 June 2012, all shares of Gloucester have been transferred to Yancoal Australia, a subsidiary of the Company and the shares of Gloucester ceased trading on ASX before this trading date ended. On 28 June 2012, Yancoal Australia issued ordinary shares and CVR shares and thus started trading on ASX in replace of Gloucester.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 3. Gloucester Coal Ltd. – continued

(1) As at 30 June 2015, the controlled subsidiaries of Gloucester include:

| Name of subsidiaries                | Registration place | Registered capital (AUD) | Scope of business     | Shareholding Proportion (%) |
|-------------------------------------|--------------------|--------------------------|-----------------------|-----------------------------|
| Westralian Prospectors NL           | Australia          | 93,001                   | Dormant               | 100                         |
| Eucla Mining NL                     | Australia          | 707,500                  | Dormant               | 100                         |
| CIM Duralie Pty Ltd                 | Australia          | 665                      | Dormant               | 100                         |
| Duralie Coal Marketing Pty Ltd      | Australia          | 2                        | Dormant               | 100                         |
| Duralie Coal Pty Ltd                | Australia          | 2                        | Coal mining           | 100                         |
| Gloucester (SPV) Pty Ltd            | Australia          | 2                        | Holding company       | 100                         |
| Gloucester (Sub Holdings 1) Pty Ltd | Australia          | 2                        | holding company       | 100                         |
| Gloucester (Sub Holdings 2) Pty Ltd | Australia          | 2                        | Holding company       | 100                         |
| CIM Mining Pty Ltd                  | Australia          | 30,180,720               | Dormant               | 100                         |
| Donaldson Coal Holdings Limited     | Australia          | 204,945,942              | Holding company       | 100                         |
| Monash Coal Holdings Pty Ltd        | Australia          | 100                      | Dormant               | 100                         |
| CIM Stratford Pty Ltd               | Australia          | 21,558,606               | Dormant               | 100                         |
| CIM Services Pty Ltd                | Australia          | 8,400,002                | Dormant               | 100                         |
| Donaldson Coal Pty Ltd              | Australia          | 6,688,782                | Coal mining and sales | 100                         |
| Donaldson Coal Finance Pty Ltd      | Australia          | 10                       | Finance company       | 100                         |
| Monash Coal Pty Ltd                 | Australia          | 200                      | Coal mining and sales | 100                         |
| Stradford Coal Pty Ltd              | Australia          | 10                       | Coal mining           | 100                         |
| Stradford Coal Marketing Pty Ltd    | Australia          | 10                       | Coal sales            | 100                         |
| Abakk Pty Ltd                       | Australia          | 6                        | Dormant               | 100                         |
| Newcastle Coal Company Pty Ltd      | Australia          | 2,300,999                | Coal mining           | 100                         |
| Primecoal International Pty Ltd     | Australia          | –                        | Dormant               | 100                         |

(2) Joint venture of Gloucester

| Name                              | Place     | Main business         | Control Ratio (%) |
|-----------------------------------|-----------|-----------------------|-------------------|
| Middlemount Joint Venture Pty Ltd | Australia | Coal mining and sales | 50                |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 4. Yancoal Resources Limited

Yancoal Resources Limited (previously known as “Felix Resource Limited”, “Yancoal Resources”), a limited liability company established at January 1970 in Brisbane, Queensland, Australia, is mainly engaged in businesses such as coal mining and exploration, company registration number is 000754174.

Austar, a subsidiary of the Company, is the registered holder of 196.46 million shares representing 100% of the issued share of Yancoal Resources.

(1) As at the end of the reporting period, subsidiaries owned by Yancoal Resources are as follows:

| Subsidiaries                       | Place of registration | Registered capital (AUD) | Business scope                             | Shareholding proportion (%) |
|------------------------------------|-----------------------|--------------------------|--------------------------------------------|-----------------------------|
| White Mining Limited               | Australia             | 3,300,200                | Holding company & Coal business management | 100                         |
| Ashton Coal Mines Limited          | Australia             | 5                        | Coal sales                                 | 100                         |
| Yarrabee Coal Company Pty Ltd      | Australia             | 92,080                   | Coal mining and sales                      | 100                         |
| Auriada Limited                    | Northern Ireland      | 5                        | No business, to be liquidated              | 100                         |
| Ballymoney Power Limited           | Northern Ireland      | 5                        | No business, to be liquidated              | 100                         |
| SASE Pty Ltd                       | Australia             | 9,650,564                | No business, to be liquidated              | 90                          |
| Proserpina Coal Pty Ltd            | Australia             | 1                        | Coal mining and sales                      | 100                         |
| White Mining Services Pty Limited  | Australia             | 2                        | No business, to be liquidated              | 100                         |
| Agrarian Finance Pty Ltd           | Australia             | 2                        | No business, to be liquidated              | 100                         |
| Balhoil Nominees Pty Ltd           | Australia             | 7,270                    | No business, to be liquidated              | 100                         |
| Moolarben Coal Operations Pty Ltd  | Australia             | 2                        | Coal business management                   | 100                         |
| Moolarben Coal Mines Pty Limited   | Australia             | 1                        | Coal business development                  | 100                         |
| Ashton Coal Operations Pty Limited | Australia             | 5                        | Coal business management                   | 100                         |
| White Mining (NSW) Pty Limited     | Australia             | 10                       | Coal mining and sales                      | 100                         |
| Yancoal Resources NSW Pty Limited  | Australia             | 2                        | Holding company                            | 100                         |
| Moolarben Coal Sales Pty Ltd       | Australia             | 2                        | Coal sales                                 | 100                         |

(2) Jointly controlled entities of Yancoal Resources

| Entities                | Address   | Main business                       | Interests proportion (%) |
|-------------------------|-----------|-------------------------------------|--------------------------|
| Boonal Joint Venture    | Australia | Coal transportation and equipments  | 50                       |
| Athena Joint Venture    | Australia | Coal exploration                    | 51                       |
| Moolarben Joint Venture | Australia | Coal mine development and operation | 81                       |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

5. *Yanzhou Coal Mining Yulin Neng Hua Co., Ltd.*

Yanzhou Coal Mining Yulin Neng Hua Co., Ltd (as referred to “Yulin Neng Hua”) was financed and established jointly by the Company, Shandong Chuangye Investment Development Co. Ltd., China Hualu Engineering Co., Ltd in February 2004. of which, the Company held 97% of the total capital of RMB800 million. In April 2008, the Company held 100% of equity after assignment of equity from Shandong Chuangye Investment Development Co., Ltd. and China Hualu Engineering Co., Ltd. In May 2008, the Company injected RMB600 million into Yulin Neng Hua and the registered capital of Yulin Neng Hua increased to RMB1.4 billion. The corporation business license code is 612700100003307, and the legal representative is Mr. He Ye. The company is mainly engaged in the methanol production with the capacity of 600 thousand tons per year, acetic acid production with the capacity of 200 thousand tons per year and its compatible coal mine, and the power plant and so on.

6. *Yanmei Heze Neng Hua Co., Ltd.*

Yanmei Heze Neng Hua Co., Ltd (as referred to “Heze Neng Hua”) was established and financed jointly by the Company, Coal Industry Jinan Design & Research Co., Ltd. (as referred to “Design Institute”) and Shandong Provincial Bureau for Coal Geology in October 2002 with the registered capital of RMB600 million, of which, the Company held 95.67%. In July 2007, Heze Neng Hua increased the registered capital to RMB1.5 billion, in which, this company held 96.67%. In May 2010, the Company unilaterally increased the registered capital of RMB 1.5 billion and the registered capital was increased to RMB3 billion, in which the Company held 98.33%. The corporation business license code is 370000018086629, and the legal representative is Mr. Wang Yongjie. The company is mainly engaged in the coal mining and coal sales in Juye Coal Field.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 7. *Yanzhou Coal Ordos Neng Hua Company Limited*

Yanzhou Coal Ordos Neng Hua Company Limited (as referred to Ordos Neng Hua) was established on 18 December 2009 with registered capital of RMB500 million as a wholly owned subsidiary of the Company. In January 2011, the Company increased capital investment to Ordos Neng Hua of RMB2.6 billion and the registered capital of Ordos Neng Hua increased to RMB3.1 billion. In November 2014, the Company once again increased capital investment to Ordos Neng Hua of RMB5 billion and the registered capital of Ordos Neng Hua increased to RMB8.1 billion. The corporation business license code is 152700000024075, and the legal representative is Mr. Wu Xiangqian. The company is mainly engaged in production and sales of 600,000 tons methanol. The project is in early stage.

As at the end of the reporting period, subsidiaries are as follows:

| Name of subsidiaries                                  | Place of registration | Registered capital | Business scope                                                                                  | Equity held by the company (%) |
|-------------------------------------------------------|-----------------------|--------------------|-------------------------------------------------------------------------------------------------|--------------------------------|
| Inner Mongolia Yize Mining Investment Company Limited | Inner Mongolia        | RMB675 million     | Mining and chemical engineering investment; public engineering, utilities, waste water solution | 100                            |
| Inner Mongolia Rongxin Chemicals Company Limited      | Inner Mongolia        | RMB648.36 million  | Methanol from coal production and sales                                                         | 100                            |
| Inner Mongolia Daxin Industrial Gas Company Limited   | Inner Mongolia        | RMB209.99 million  | Supply of industrial gas                                                                        | 100                            |
| Inner Mongolia Xintai Coal Mining Company Limited     | Inner Mongolia        | RMB5 million       | Coal mining and sales                                                                           | 100                            |
| Ordos Zhuanlongwan Coal Mining Company Limited        | Inner Mongolia        | RMB5.05 billion    | Coal mining and sales, manufacturing and sales of mining equipment and machinery                | 100                            |
| Ordos Yingpanhao Coal Mining Company Limited          | Inner Mongolia        | RMB300 million     | Coal mining and sales, manufacturing and sales of mining equipment and machinery                | 100                            |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 8. *Yancoal Australia Limited*

Yancoal Australia Limited (as referred to “Yancoal Australia”), a wholly owned subsidiary of the Company, was established in November 2004 with the share capital of AUD64 million. In September 2011, the Company increased capital investment to Yancoal Australia of AUD909 million and the registered capital of Yancoal Australia increased to AUD973 million. In June 2012, the registered capital of Yancoal Australia decreased by AUD653.14 million due to excluded assets to Yancoal International (Holding) Co., Ltd. For the acquisition of the subsidiary, Yancoal Australia issued new shares and increased the registered capital by AUD336.84 million. After the above mentioned changes, the registered capital of Yancoal Australia is AUD656.7 million and 78% the equity interest of Yancoal Australia is held by the Company. In December 2014, the registered capital of Yancoal Australia could be increased to AUD 3.10556 billion through issue of convertible hybrid capital bonds and exercise of contingent value rights (CVR). Yancoal Australia was listed at Australian Securities Exchange in replace of Gloucester on 28 June 2012. The corporation business licence code is 111859119 and it mainly takes responsibility of the activities such as operations, budget, investment and finance of the Company in Australia.

As at the end of the reporting period, main controlled subsidiaries of Yancoal Australia are as follows:

| Subsidiaries              | Place of registration | Registered capital (AUD) | Business scope                                           | Shares proportion (%) |
|---------------------------|-----------------------|--------------------------|----------------------------------------------------------|-----------------------|
| Gloucester Coal Ltd.      | Australia             | 719,720,000              | Development and operating of coal and relevant resources | 100                   |
| Austar Coal Mine Pty Ltd. | Australia             | 64,000,000               | Coal mining and sales                                    | 100                   |
| Yancoal Resources Ltd     | Australia             | 446,410,000              | Exploring and extracting coal resources                  | 100                   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 9. *Yancoal International (Holding) Co., Ltd.*

Yancoal International (Holding) Co., Ltd. (as referred to “Hong Kong Company”), a wholly-owned subsidiary of the Company, was established on 13 July 2011, with registered capital of USD2.8 million. The corporation business licence code is 1631570 and it mainly engages in external investment, mine technology development, assignment, consulting services, and importing and exporting trade, etc. In June 2014, the Company increased capital investment of RMB4.1946 billion, which was the account receivable from Hong Kong Company, thus the registered capital was increased to USD689.31 million.

As at the end of the reporting period, controlled subsidiaries of Hong Kong Company are as follows:

| Subsidiaries                                           | Place of registration | Registered capital | Business scope                                                       | Shares proportion (%) |
|--------------------------------------------------------|-----------------------|--------------------|----------------------------------------------------------------------|-----------------------|
| Yancoal International Technology Development Co., Ltd. | Hong Kong             | USD1 million       | Development of mining technology, assigning, and consulting services | 100                   |
| Yancoal International Trading Co., Ltd.                | Hong Kong             | USD1 million       | Transit trade of coal                                                | 100                   |
| Yancoal International Resources Development Co., Ltd.  | Hong Kong             | USD600,000         | Exploration and development of mineral resources                     | 100                   |
| Yancoal Luxembourg Resources Holding Co., Ltd.         | Luxemburg             | USD500,000         | External investment                                                  | 100                   |
| Yancoal Canada Resources Holding Co., Ltd.             | Canada                | USD290 million     | Mineral resources development and sales                              | 100                   |
| Athena (Holding) Ltd                                   | Australia             | AUD24.45 million   | Shareholding company                                                 | 100                   |
| Tonford (Holding) Ltd                                  | Australia             | AUD46.41 million   | Shareholding company                                                 | 100                   |
| Wilpeena (Holding) Ltd                                 | Australia             | AUD3.46 million    | Shareholding company                                                 | 100                   |
| Premier (Holding) Ltd                                  | Australia             | AUD321.61 million  | Shareholding company                                                 | 100                   |
| Yancoal Energy Pty Ltd.                                | Australia             | AUD202.98 million  | Shareholding company                                                 | 100                   |

##### 10. *Shandong Zhongyin Logistics and Trade Co., Ltd.*

Shandong Zhongyin Logistics and Trade Co., Ltd. (as referred to “Zhongyin Logistics Company”), a wholly owned subsidiary of the Company, was established in May 2014 with the registered capital of RMB300 million. The business code of Zhongyin Logistics Company is 370127200093828 and organization code is 30686339-4 and the legal representative is Mr. Liu Chun. The company is mainly engaged in sales of coal, mining machinery and parts, and mining specialised equipments, etc.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

##### 11. *Zhongyin Financial Leasing Co., Ltd.*

Zhongyin Financial Leasing Co., Ltd. (as referred to “Zhongyin Financial Leasing Company”), was established jointly by the Company and its subsidiary, Hong Kong Company in May 2014 with the registered capital of RMB500 million, of which, RMB375 million by the Company in cash with equity interests of 75% and RMB125 million by Hong Kong Company in cash with equity interests of 25%. The business code of Zhongyin Logistics Company is 310000400737220 and organization code is 09440231-7 and the legal representative is Mr. Wu Yuxiang. The company is mainly engaged in Financial Leasing, etc.

##### 12. *Duanxin Investment Holding (Beijing) Co., Ltd.*

Duanxin Investment Holding (Beijing) Co., Ltd. (as referred to “Duanxin Investment Holding Company”), was established in November 2014 with the registered capital of RMB10 million. The business code of Duanxin Investment Holding Company is 110106018199309 and organization code is 31829604-0 and the legal representative is Mr. Wu Yuxiang. The company is mainly engaged in investment management and enterprises management consultation, etc.

##### 13. *Yancoal Australia Sales Pty Ltd.*

Yancoal Australia Sales Pty Ltd. (as referred to “Australia Sales Company”), a wholly-owned subsidiary of Yancoal Australia, was established in April 2014 with the share capital of AUD100. The corporation business licence code is 167884460, and it is mainly engaged in sales of blended coal, etc.

##### 14. *Yancoal SCN Ltd.*

Yancoal SCN Pty Ltd. (as referred to “SCN Company”), a wholly-owned subsidiary of Yancoal Australia, was established in November 2014 with the share capital of USD1. The corporation business licence code is 602841556, and it is mainly engaged in convertible bonds issuance.

#### 1. Significant non-wholly-owned subsidiaries

| Companies         | Minority<br>shareholding<br>proportion<br>(%) | Profit/loss<br>attributable<br>to minority<br>shareholders<br>this year | Declared<br>dividend<br>allocation to<br>minority<br>shareholders<br>this year | Ending<br>balance of<br>minority<br>shareholder's<br>interest |
|-------------------|-----------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------------------------------------------|
| Heze Neng Hua     | 1.67                                          | 1,316                                                                   | –                                                                              | 60,628                                                        |
| Yancoal Australia | 22                                            | -155,427                                                                | –                                                                              | -760,147                                                      |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 1. Equity in Subsidiaries – continued

14. Yancoal SCN Ltd. – continued

#### 2. Key financial information of significant non-wholly-owned subsidiaries

| Companies         | At 30 June 2015 |             |            |             |             |             | At 1 January 2015 |             |            |             |             |             |
|-------------------|-----------------|-------------|------------|-------------|-------------|-------------|-------------------|-------------|------------|-------------|-------------|-------------|
|                   | Current         | Non-current | Total      | Current     | Non-current | Total       | Current           | Non-current | Total      | Current     | Non-current | Total       |
|                   | assets          | assets      | assets     | liabilities | liabilities | liabilities | assets            | assets      | assets     | liabilities | liabilities | liabilities |
| Heze Neng Hua     | 728,247         | 5,140,099   | 5,868,346  | 537,913     | 1,700,000   | 2,237,913   | 431,921           | 5,079,208   | 5,511,129  | 486,077     | 1,500,000   | 1,986,077   |
| Yancoal Australia | 2,858,794       | 31,519,090  | 34,377,884 | 1,634,482   | 23,024,846  | 24,659,328  | 3,273,687         | 33,675,797  | 36,949,484 | 1,651,693   | 23,310,285  | 24,961,978  |

  

| Companies         | 1 January 2015 to 30 June 2015 |                   |            |                           | 1 January 2014 to Dec. 31 2014 |                   |            |                           |
|-------------------|--------------------------------|-------------------|------------|---------------------------|--------------------------------|-------------------|------------|---------------------------|
|                   | Operating                      | Net comprehensive | Total      | cash flow                 | Operating                      | Net comprehensive | Total      | cash flow                 |
|                   | Revenue                        | profit            | income     | from operating activities | Revenue                        | profit            | income     | from operating activities |
| Heze Neng Hua     | 745,027                        | 78,806            | 78,806     | 340,237                   | 893,596                        | 200,172           | 200,172    | 251,864                   |
| Yancoal Australia | 2,945,786                      | -706,488          | -2,268,951 | 54,131                    | 3,503,486                      | -1,082,702        | -2,566,572 | 51,768                    |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 2. Interests in JVs or Associates

(1) Significant joint ventures or associates

|                                            |                   |                               |                          |                                                      |                         |                       |                               | Accounting<br>Treatments<br>On investment<br>to JVs or<br>Associated<br>Companies |                        |
|--------------------------------------------|-------------------|-------------------------------|--------------------------|------------------------------------------------------|-------------------------|-----------------------|-------------------------------|-----------------------------------------------------------------------------------|------------------------|
| Companies                                  | Companies<br>Type | Place<br>of Main<br>operation | Registration<br>Location | Business<br>nature                                   | Legal<br>representative | Registered<br>capital | Shareholding<br>proportion(%) |                                                                                   |                        |
|                                            |                   |                               |                          |                                                      |                         |                       | Directly-<br>held             | Indirectly-<br>held                                                               |                        |
| Associates                                 |                   |                               |                          |                                                      |                         |                       |                               |                                                                                   |                        |
| China HD Zouxian Co., Ltd.                 | limited liability | Shandong                      | Shandong                 | Electricity power                                    | Li Qingkui              | RMB 3<br>billion      | 30                            |                                                                                   | Under equity<br>method |
| Yankuang Group Finance<br>Co., Ltd.        | limited liability | Shandong                      | Shandong                 | Finance                                              | Zhang<br>Shengdong      | RMB1<br>billion       | 25                            |                                                                                   | Under equity<br>method |
| Shaanxi Future Energy<br>Chemical Co. Ltd. | limited liability | Shaanxi                       | Shaanxi                  | Coal mining and<br>the CTL<br>development<br>project | Zhang<br>Minglin        | RMB5.4<br>billion     | 25                            |                                                                                   | Under equity<br>method |
| Joint Ventures                             |                   |                               |                          |                                                      |                         |                       |                               |                                                                                   |                        |
| Middlemount Joint Venture                  | limited liability | Australia                     | Australia                | Coal mining<br>and sales                             | -                       |                       |                               | About 50                                                                          | Under equity<br>method |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 2. Interests in JVs or Associates – continued

(2) Key financial information of significant joint ventures

|                                                                | Middlemount<br>Joint Venture<br>Pty Ltd<br>(at 30 June 2015/<br>for current year) | Middlemount<br>Joint Venture<br>Pty Ltd<br>(at 1 Jan 2015/<br>for last year) |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Items                                                          |                                                                                   |                                                                              |
| Current assets:                                                | 439,681                                                                           | 338,787                                                                      |
| Including: cash and cash equivalents                           | 52,289                                                                            | 16,768                                                                       |
| Non-current asset                                              | 3,167,648                                                                         | 6,630,534                                                                    |
| Total asset                                                    | 3,607,329                                                                         | 6,969,321                                                                    |
| Current liabilities:                                           | 4,539,688                                                                         | 856,796                                                                      |
| Non-current liabilities                                        | 588,742                                                                           | 5,857,488                                                                    |
| Total liabilities                                              | 5,128,430                                                                         | 6,714,284                                                                    |
| Minority interests                                             | –                                                                                 | –                                                                            |
| shareholders' equity attributable to the parent company        | -1,521,101                                                                        | 255,037                                                                      |
| net assets calculated on a shareholding proportion             | -760,546                                                                          | 127,516                                                                      |
| Adjustment items                                               |                                                                                   |                                                                              |
| – goodwill                                                     |                                                                                   |                                                                              |
| – unrealized profit from insider transaction                   |                                                                                   |                                                                              |
| – others                                                       |                                                                                   |                                                                              |
| carrying amount of equity investment to joint ventures         | -760,546                                                                          | 127,516                                                                      |
| Operating income                                               | 1,020,336                                                                         | 962,432                                                                      |
| Financial expense                                              | -113,656                                                                          | -119,709                                                                     |
| Income tax expense                                             | 7,229                                                                             | 110,664                                                                      |
| Net profit                                                     | -64,485                                                                           | -282,477                                                                     |
| Other comprehensive profit                                     | –                                                                                 | –                                                                            |
| Total comprehensive profit                                     | -64,485                                                                           | -282,477                                                                     |
| dividend received from Joint Ventures for the reporting period | –                                                                                 | –                                                                            |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 2. Interests in JVs or Associates – continued

(3) Key financial information of significant associates

| Items                                                      | As at 30 June 2015               |                                           |                                                      | At 1 January 2015                |                                           |                                                      |
|------------------------------------------------------------|----------------------------------|-------------------------------------------|------------------------------------------------------|----------------------------------|-------------------------------------------|------------------------------------------------------|
|                                                            | China<br>HD Zouxian<br>Co., Ltd. | Yankuang<br>Group<br>Finance<br>Co., Ltd. | Shaanxi<br>Future<br>Energy<br>Chemical<br>Co., Ltd. | China<br>HD Zouxian<br>Co., Ltd. | Yankuang<br>Group<br>Finance<br>Co., Ltd. | Shaanxi<br>Future<br>Energy<br>Chemical<br>Co., Ltd. |
| Current assets:                                            | 580,210                          | 2,524,659                                 | 1,247,574                                            | 540,291                          | 2,196,345                                 | 654,572                                              |
| Including: cash and cash equivalents                       | 191,653                          | 2,524,610                                 | 554,461                                              | 64,514                           | 1,328,234                                 | 104,261                                              |
| Non-current assets                                         | 5,375,887                        | 4,888,592                                 | 13,633,978                                           | 5,519,769                        | 4,518,561                                 | 12,346,714                                           |
| Total assets                                               | 5,956,097                        | 7,413,251                                 | 14,881,552                                           | 6,060,060                        | 6,714,906                                 | 13,001,286                                           |
| Current liabilities                                        | 972,081                          | 6,097,659                                 | 5,783,102                                            | 1,083,392                        | 5,473,672                                 | 5,080,297                                            |
| Non-current liabilities                                    | 1,013,144                        | –                                         | 3,019,003                                            | 1,014,144                        | –                                         | 2,094,735                                            |
| Total liabilities                                          | 1,985,225                        | 6,097,659                                 | 8,802,105                                            | 2,097,536                        | 5,473,672                                 | 7,175,032                                            |
| Minority interests                                         |                                  |                                           |                                                      |                                  |                                           |                                                      |
| shareholders' equity attributable to the parent company    | 3,970,872                        | 1,315,592                                 | 6,079,447                                            | 3,962,524                        | 1,241,234                                 | 5,826,254                                            |
| net assets calculated on a shareholding proportion         | 1,191,262                        | 328,898                                   | 1,519,862                                            | 1,188,757                        | 310,308                                   | 1,456,564                                            |
| Adjustment items                                           |                                  |                                           |                                                      |                                  |                                           |                                                      |
| – goodwill                                                 |                                  |                                           |                                                      |                                  |                                           |                                                      |
| – unrealized profit from insider transaction               |                                  |                                           |                                                      |                                  |                                           |                                                      |
| – others                                                   |                                  |                                           |                                                      |                                  |                                           |                                                      |
| carrying amount of equity investment to joint ventures     | 1,191,262                        | 328,898                                   | 1,519,862                                            | 1,188,757                        | 310,308                                   | 1,456,564                                            |
| Operating income                                           | 2,205,886                        | 145,606                                   | 731,197                                              | 1,883,729                        | 139,718                                   | –                                                    |
| Financial expense                                          | 48,532                           | –                                         | 49,715                                               | 57,811                           | –                                         | –                                                    |
| Income tax expense                                         | 187,087                          | 24,863                                    | 109,795                                              | 93,117                           | 23,341                                    | –                                                    |
| Net profit                                                 | 561,260                          | 74,588                                    | 162,644                                              | 279,351                          | 70,022                                    | –                                                    |
| Other comprehensive profit                                 | –                                | –                                         | –                                                    | –                                | –                                         | –                                                    |
| Total comprehensive profit                                 | 561,260                          | 74,588                                    | 162,644                                              | 614,345                          | 70,022                                    | –                                                    |
| dividend received from associates for the reporting period | 165,873                          | –                                         | –                                                    | 178,645                          | 57,500                                    | –                                                    |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### VIII. EQUITY IN OTHER ENTITIES – CONTINUED

#### 2. Interests in JVs or Associates – continued

(4) *Key financial information of insignificant joint ventures and associates*

| Items                                           | At 30 June 2015/<br>for current year | At 1 January 2015/<br>for last year |
|-------------------------------------------------|--------------------------------------|-------------------------------------|
| Joint ventures:                                 |                                      |                                     |
| Total carrying amount of investments            | 13,467                               | 3,351                               |
| Total amount calculated using shareholding rate |                                      |                                     |
| – Net profit                                    | 3,116                                | 351                                 |
| – Other comprehensive income                    | –                                    | –                                   |
| – Total comprehensive income                    | 3,116                                | 351                                 |
| Associates:                                     |                                      |                                     |
| Total carrying amount of investments            | 264,561                              | 1                                   |
| Total amount calculated using shareholding rate |                                      |                                     |
| – Net profit                                    | -3,350                               | -3,084                              |
| – Other comprehensive income                    | –                                    | –                                   |
| – Total comprehensive income                    | -3,350                               | -3,084                              |

Note: On 30 June 2015, the Company paid the consideration of RMB265 million to acquire 33% of the share on Shanghai CIFCOO Futures Co., Ltd.

(5) *Excessive loss of Joint ventures or associates*

| Name of joint venture<br>or associates   | Accumulated<br>unidentified loss<br>in the previous years | Unidentified<br>loss in current year<br>(or shared net profit<br>in current year) | Accumulated<br>unidentified loss<br>as at 30 June<br>2015 |
|------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------|
| Shandong Shengyang Wood Co., Ltd         | -4,312                                                    | -3,217                                                                            | -7,529                                                    |
| Jining Jiemei New Wall Material Co., Ltd | -505                                                      | -133                                                                              | -638                                                      |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### IX. DISCLOSURE ON FAIR VALUE

#### 1. Assets and liabilities measured at fair value as at 30 June 2015 and levels of fair value hierarchy measurement

| Items                                                               | Fair value at 30 June 2015 |         |         | Total     |
|---------------------------------------------------------------------|----------------------------|---------|---------|-----------|
|                                                                     | Level 1                    | Level 2 | Level 3 |           |
| I. Continuous fair value measurement                                |                            |         |         |           |
| (I) Financial asset at fair value through profit or loss            | 1,029,158                  | –       | –       | 1,029,158 |
| (1) Designated financial asset at fair value through profit or loss | 1,029,158                  | –       | –       | 1,029,158 |
| (II) Available-for-sale financial instrument                        |                            |         |         |           |
| Other current asset                                                 | 382,350                    | –       | –       | 382,350   |
| (1) Investment on equity instrument                                 | 382,350                    | –       | –       | 382,350   |
| (III) Other current asset                                           | –                          | 1,175   | 84,786  | 85,961    |
| (1) Hedging instrument-forward foreign exchange contract            | –                          | 1,175   | –       | 1,175     |
| (2) Royalty receivable                                              | –                          | –       | 84,786  | 84,786    |
| (IV) Other non-current asset                                        | –                          | –       | 870,203 | 870,203   |
| (1) Royalty receivable                                              | –                          | –       | 870,203 | 870,203   |
| Total assets subsequently measured at fair value                    | 1,411,508                  | 1,175   | 954,989 | 2,367,672 |
| Total liabilities subsequently measured at fair value               | –                          | –       | –       | –         |

- Financial instrument of which fair value is measured under level 1: Shares of listed companies and future contracts purchased by the Company, which is quoted in active market. Its fair value is measured by the closing quoted market price.
- Financial instrument of which fair value is measured under level 2: Forward exchange and collar option, which is not quoted in active market. Its fair value measurement is referred to the Company's valuation techniques. Those techniques include various observable market data as factors.
- Financial instrument of which fair value is measured under level 3: Royalty receivable measured by discounted future cash flows.
- In 2015 and 2014, there is no transfer between different levels.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS

#### I. Relationship of Related Parties

##### 1. Controlling shareholder and ultimate controlling party

###### (1) Controlling shareholder and ultimate controlling party

| Controlling shareholder and ultimate controlling party | Type of enterprise     | Registration location | Business nature     | Legal representative | Registered capital | Shareholding Proportion of the Company (%) | Voting Proportion of the Company |
|--------------------------------------------------------|------------------------|-----------------------|---------------------|----------------------|--------------------|--------------------------------------------|----------------------------------|
| Yankuang Group Co. Ltd                                 | State-owned Enterprise | Zoucheng, Shandong    | Industry processing | Zhang Xinwen         | 3,353,388          | 52.86                                      | 52.86                            |

###### (2) Registered capital of controlling shareholder and its changes

| Controlling shareholder | At 1 January 2015 | Addition | Reduction | At 30 June 2015 |
|-------------------------|-------------------|----------|-----------|-----------------|
| Yankuang Group Co. Ltd  | 3,353,388         | –        | –         | 3,353,388       |

###### (3) The proportion and changes of equity or interest of controlling shareholder

| Controlling shareholder | Amount          |                   | Proportion to share holding |                   |
|-------------------------|-----------------|-------------------|-----------------------------|-------------------|
|                         | At 30 June 2015 | At 1 January 2015 | At 30 June 2015             | At 1 January 2015 |
| Yankuang Group Co. Ltd  | 2,600,000       | 2,600,000         | 52.86%                      | 52.86%            |

Note: Except the information presented in the above table, at the end of this reporting period, Yankuang Group Co. Ltd. holds 180,000,000 H shares of the Company through its wholly-owned subsidiaries, accounting for approximately 3.66% of the Company's total issued share capital.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### I. Relationship of Related Parties – continued

##### 2. *Subsidiaries*

For detailed information of subsidiaries, please refer to Note “VIII, ii, (1) Organizational structure of the Company.

##### 3. *Joint ventures and associates*

For detailed information of joint ventures or associates, please refer to Note “VIII, ii, (1)” under the chapter “Significant joint ventures or associates”. Joint ventures and associates incurring related party transactions with the Company in current year or previous years and generating balance are as the followings:

| <b>Company name</b>                                                            | <b>Relation to the Company</b> |
|--------------------------------------------------------------------------------|--------------------------------|
| Shandong Shengyang Wood Co., Ltd                                               | Associates                     |
| Jining Jiemei New Wall Material Co., Ltd                                       | Associates                     |
| Newcastle Coal Infrastructure Group Pty Ltd (“NCIG”)                           | Associates                     |
| Shengdi Fenlei Coal Preparation and Engineering Technology (Tianjin) Co., Ltd. | Joint venture                  |
| Ashton Coal Mines Limited (Note)                                               | Joint ventures                 |

Note: In October 2014, subsidiary of the Company acquired 10% equity interests of Ashton Coal Mines Limited through which the Company's holding in Ashton reached to 100%. Therefore Ashton is consolidated into the Company's consolidation financial statement. Please refer to Note “VII, I”.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### I. Relationship of Related Parties – continued

##### 4. Other related parties

| Related parties                                                           | Type of related relationship                                                                       | Transactions                                                                      |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Yankuang Group Tangcun Shiye Co., Ltd.                                    | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of goods and materials, purchase of materials, acceptance of labour service |
| Yankuang Group Dalu Machinery Co., Ltd.                                   | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of goods and materials, purchase of materials, acceptance of labour service |
| Yankuang Group Zoucheng Jinming Electrical and Mechanical Co., Ltd.       | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales and purchase of materials, acceptance of labour service                     |
| Shandong Yankuang International Coking Co., Ltd.                          | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of goods                                                                    |
| Yankuang Group Donghua Logistics Co., Ltd.                                | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of goods and material, purchase of goods                                    |
| Yankuang Donghua Zoucheng Haitian Trading Co., Ltd.                       | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales and purchase of goods                                                       |
| Yankuang Guohong Chemicals Co., Ltd.                                      | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of goods                                                                    |
| Yankuang Group Co., Ltd. (Aluminium)                                      | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of goods                                                                    |
| Yankuang Group Donghua Construction Co., Ltd.                             | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of goods, purchase of materials, acceptance of labour service               |
| Yankuang Group Zoucheng Jintong Rubber Co., Ltd.                          | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Purchase of materials, acceptance of labour service                               |
| Yankuang Meihua Gongxiao Co., Ltd.                                        | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales and purchase of goods                                                       |
| Shandong Yankuang Jisan Electricity Co., Ltd.                             | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of goods                                                                    |
| Yankuang Group Electrical and Machinery Equipment Co., Ltd.               | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales and purchase of materials, acceptance of labour service                     |
| Yankuang Group Hailu Construction Co., Ltd.                               | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Acceptance of labour service                                                      |
| Yankuang Donghua 37 Chu                                                   | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of materials, acceptance of labour service                                  |
| Yankuang Donghua Construction Co., Ltd., Geological and Mining Branch     | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Sales of materials, acceptance of labour service                                  |
| Yankuang Donghua Construction Co., Ltd., Building and Installation Branch | Other enterprises under control of the same controlling shareholder and ultimate controlling party | Acceptance of labour service                                                      |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### I. Relationship of Related Parties – continued

##### 4. Other related parties – continued

| Related parties                                                      | Type of related relationship                                                                          | Transactions                                                                        |
|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Yankuang Group Zoucheng<br>Huajiang Design and<br>Research Co., Ltd. | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Acceptance of labour service                                                        |
| Yankuang Boyang Foreign<br>Economic and Trading Co., Ltd.            | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Sales of goods                                                                      |
| Yankuang Donghua Zoucheng<br>Haitian Trading Co., Ltd.               | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Purchase of materials                                                               |
| Yankuang Group Changlong<br>Cable Co., Ltd.                          | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Purchase of materials                                                               |
| Yankuang Group Fuxing Shiye<br>Co., Ltd.                             | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Purchase of materials                                                               |
| Yankuang Group Labour<br>Service Co., Ltd.                           | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Purchase of materials, acceptance<br>of labour service                              |
| Yankuang Group Zoucheng<br>Dehailan Rubber Co., Ltd.                 | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Purchase of materials                                                               |
| Zoucheng Shuangye Clothing<br>Co., Ltd.                              | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Purchase of materials                                                               |
| Yanzhou Dongfang Jidian Co., Ltd.                                    | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Sales of goods, purchase of materials,<br>acceptance of labour service              |
| Yankuang Group Finance Co., Ltd                                      | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Deposit, financial service                                                          |
| Other entities with common<br>controlling party                      | Other enterprises under control of the same controlling<br>shareholder and ultimate controlling party | Sales and purchase of materials,<br>acceptance of labour service                    |
| Noble Group                                                          | Other related parties                                                                                 | Dealing accounts, sales of goods,<br>rendering of service, acceptance<br>of service |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### II. Related Party Transactions

##### 1. Goods purchasing & sales, rendering & acceptance of labour service

##### (1). Goods purchasing/acceptance of labour service

| Related parties                                  | Transaction                                               | Current year   | Last year      |
|--------------------------------------------------|-----------------------------------------------------------|----------------|----------------|
| Controlling shareholder and entities it controls | Goods purchasing                                          | 254,948        | 514,039        |
| Associates                                       | Acceptance of labour service-port fee                     | –              | 142,501        |
| Joint venture                                    | Acceptance of labour service-coal preparation             | 21,390         |                |
| Other related parties                            | Acceptance of labour service-marketing service commission | –              | 5,961          |
| <b>Total</b>                                     |                                                           | <b>276,338</b> | <b>662,501</b> |

##### (2). Goods sales/rendering of labour service

| Related parties                                  | Transaction                            | Current year     | Last year        |
|--------------------------------------------------|----------------------------------------|------------------|------------------|
| Controlling shareholder and entities it controls | Goods sales-coal                       | 595,201          | 1,388,034        |
| Other related parties                            | Goods sales-coal                       | 695,453          | 981,964          |
| Joint venture                                    | Goods sales-coal                       | –                | 373,738          |
| Controlling shareholder and entities it controls | Goods sales-methanol                   | 5,304            | 100,862          |
| Controlling shareholder and entities it controls | Goods sales-material                   | 246,289          | 191,002          |
| Controlling shareholder and entities it controls | Goods sales-electricity, heat          | 58,194           | 60,906           |
| Joint venture                                    | Provision of labour-management service | 29,831           | –                |
| Joint venture                                    | Provision of royalty services          | 49,135           | –                |
| Other related parties                            | Provision of labour-off port service   | 1,359            | –                |
| Associates                                       | Goods sales-material                   |                  | 4,854            |
| Associates                                       | Provision of labour-project service    |                  | 2,156            |
| <b>Total</b>                                     |                                        | <b>1,680,766</b> | <b>3,103,516</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### II. Related Party Transactions – continued

##### 2. Guarantee

| Securing party          | Secured party         | Amount guaranteed  | Guarantee starting date | Guarantee maturity date | Completion |
|-------------------------|-----------------------|--------------------|-------------------------|-------------------------|------------|
| Yankuang Group          | The Company           | RMB1.71444 billion | 2011-9-29               | 2016-9-28               | No         |
| Yankuang Group          | Heze Neng Hua         | RMB10 million      | 2012-5-28               | 2022-5-23               | No         |
| The Company             | Yancoal International | RMB1.4 billion     | 2013-8-29               | 2016-8-28               | No         |
| The Company             | Yancoal International | RMB2.1 billion     | 2013-8-29               | 2016-10-20              | No         |
| The Company             | Yancoal International | RMB675.9 million   | 2013-12-23              | 2016-12-23              | No         |
| The Company             | Yancoal International | RMB2 billion       | 2013-6-24               | 2016-6-20               | No         |
| The Company             | Yancoal International | RMB1 billion       | 2013-12-16              | 2015-12-11              | No         |
| The Company             | Yancoal International | RMB1.36 billion    | 2014-1-9                | 2017-1-8                | No         |
| The Company             | Yancoal Australia     | USD869.66 million  | 2012-12-16              | 2017-12-16              | No         |
| The Company (note)      | Yancoal Australia     | USD45 million      | 2012-12-16              | 2017-12-16              | No         |
| The Company             | Yancoal Australia     | RMB6.22 billion    | 2013-12-16              | 2018-12-16              | No         |
| The Company             | Yancoal Australia     | RMB325 million     | 2013-12-16              | 2018-12-16              | No         |
| The Company             | Yancoal Australia     | USD860.68 million  | 2014-12-16              | 2019-12-16              | No         |
| The Company             | Yancoal Australia     | USD50 million      | 2014-12-16              | 2019-12-16              | No         |
| Yankuang Group          | The Company           | RMB140 million     | 2014-6-20               | 2019-6-20               | No         |
| Yankuang Group (Note 1) | The Company           | RMB1 billion       | 2012-7-23               | 2017-7-22               | No         |
| Yankuang Group (Note 1) | The Company           | RMB4 billion       | 2012-7-23               | 2022-7-22               | No         |
| Yankuang Group (Note 1) | The Company           | RMB1.95 billion    | 2014-3-5                | 2019-3-4                | No         |
| Yankuang Group (Note 1) | The Company           | RMB3.05 billion    | 2014-3-5                | 2024-3-4                | No         |
| The Company (Note 2)    | Yancoal International | USD450 million     | 2012-5-16               | 2017-5-15               | No         |
| The Company (Note 2)    | Yancoal International | USD550 million     | 2012-5-16               | 2022-5-15               | No         |
| The Company (Note 3)    | Yancoal Trading       | USD300 million     | 2014-5-22               | N/A                     | No         |

Note1: The Company's controlling shareholder, Yankuang Group, provides guarantee for the Company, for issuance of corporate bond of RMB10 billion.

Note 2: The Company provides guarantee for its subsidiary, Yancoal International, for issuance of corporate bond of USD1 billion.

Note 3: The Company provides guarantee for its subsidiary, Yancoal Trading, for issuance of perpetual bond of USD300 million.

##### 3. Free use of trademark

The trademark of the Company registered and owned by the controlling shareholder, is used by the Company for free.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### II. Related Party Transactions – continued

4. *Transactions with Yankuang Group Finance Company Limited and Middlemount Mine*

As at the end of this reporting period, the balance of deposits of the Company in Yankuang Group Finance Company Limited was RMB1.17352 billion and the interest income during this reporting period was RMB2.16 million.

As at the end of this reporting period, the amount of long-term loans of the Company from Yankuang Group Finance Company Limited was RMB222.77 million, including: USD5.36 million and RMB195 million. And the interest expense was RMB5.70 million. The amount of short-term loans was RMB100 million and RMB195 million. The interest expense was RMB5.70 million. The amount of short-term loans was RMB100 million and the interest expense was RMB2.73 million.

As at the reporting date, carrying amount of the loan provided to Middlemount Joint Venture by Yancoal Australia, the subsidiary of the Company is AUD349.87 million including the interest receivable is AUD9.9 million.

5. *Remuneration of key management*

| Key management                     | Current year | Last year    |
|------------------------------------|--------------|--------------|
| Independent non-executive director | 260          | 260          |
| Executive director                 | 2,697        | 1,795        |
| Supervisor                         | 421          | 613          |
| Other management                   | 643          | 1,459        |
| <b>Total</b>                       | <b>4,021</b> | <b>4,127</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### II. Related Party Transactions – continued

##### 6. Other transactions

Pursuant to an agreement signed between the Company and Yankuang Group, Yankuang Group manages staff social insurance for the company. Such expenses of the Company for 1 January 2015 to 30 June 2015 and 1 January 2014 to 30 June 2014 are RMB488.27 million and RMB619.08 million respectively.

Pursuant to an agreement signed between the Company and Yankuang Group, Yankuang Group manages the retired personnel for the Company. Amount charged to expenses of the Company for 1 January 2015 to 30 June 2015 and 1 January 2014 to 30 June 2014 are RMB269.94 million and RMB270 million respectively.

Pursuant to an agreement signed by the Company and Yankuang Group, the department and subsidiaries of Yankuang Group provided the following services and charged related service fees, transaction price determined based on market price, government pricing or negotiated price. Details are as followings:

| Items                              | Current year<br>(RMB'0000) | Last year<br>(RMB'0000) |
|------------------------------------|----------------------------|-------------------------|
| Services received from the Company |                            |                         |
| Construction service               | 78,482                     | 16,063                  |
| Transportation                     | 4,671                      | 610                     |
| Gas and heating expenses           | 28,289                     | 2,335                   |
| Buildings management               | 58,310                     | 6,856                   |
| Maintenance and repair service     | 84,824                     | 8,351                   |
| Employees' benefits                | 4,899                      | 872                     |
| Communication Services             | 2,009                      | 2,286                   |
| <b>Subtotal</b>                    | <b>261,484</b>             | <b>37,373</b>           |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### III. Amount due to or from related party

##### 1. Receivables

| Items                 | Related parties                                                                                    | At 30 June 2015 |                    | At 1 January 2015 |                    |
|-----------------------|----------------------------------------------------------------------------------------------------|-----------------|--------------------|-------------------|--------------------|
|                       |                                                                                                    | Carrying amount | Bad debt provision | Carrying amount   | Bad debt provision |
| Notes receivable      | Other enterprises under control of the same controlling shareholder and ultimate controlling party | 324,400         | –                  | 245,968           | –                  |
| Accounts receivable   | Other enterprises under control of the same controlling shareholder and ultimate controlling party | 84,979          | –                  | 59,809            | –                  |
| Accounts receivable   | Other related parties                                                                              | –               | –                  | 239,552           | –                  |
| Accounts receivable   | Joint venture                                                                                      | 195,668         | –                  | 160,660           | –                  |
| Advances to suppliers | Controlling shareholder and ultimate controlling party                                             | 2,303           | –                  | 2,888             | –                  |
| Advances to suppliers | Other enterprises under control of the same controlling shareholder and ultimate controlling party | 9,267           | –                  | 26,080            | –                  |
| Other receivables     | Controlling shareholder and ultimate controlling party                                             | 11,000          | –                  | 16,994            | –                  |
| Other receivables     | Other enterprises under control of the same controlling shareholder and ultimate controlling party | 119,387         | –                  | 178,189           | –                  |
| Other receivables     | Associates                                                                                         | 112,770         | –                  | 116,883           | –                  |
| <b>Total</b>          |                                                                                                    | <b>859,774</b>  | <b>–</b>           | <b>1,047,023</b>  | <b>–</b>           |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### X. RELATIONSHIP OF RELATED PARTIES AND TRANSACTIONS – CONTINUED

#### III. Amount due to or from related party – continued

##### 2. Payables

| Payables               | Related parties                                                                                    | At 30 June 2015  | At 1 January 2015 |
|------------------------|----------------------------------------------------------------------------------------------------|------------------|-------------------|
| Notes payable          | Controlling shareholder and ultimate controlling party                                             | 2,206            | 18,956            |
| Notes payable          | Other enterprises under control of the same controlling shareholder and ultimate controlling party | –                | 15,816            |
| Accounts payable       | Controlling shareholder and ultimate controlling party                                             | 4,857            | 4,677             |
| Accounts payable       | Other enterprises under control of the same controlling shareholder and ultimate controlling party | 219,494          | 150,949           |
| Accounts payable       | Associates                                                                                         | –                | 10                |
| Advance from customers | Other enterprises under control of the same controlling shareholder and ultimate controlling party | 62,471           | 24,913            |
| Advance from customers | Associates                                                                                         | 325              | –                 |
| Other payable          | Controlling shareholder and ultimate controlling party                                             | 336,398          | 352,197           |
| Other payable          | Other enterprises under control of the same controlling shareholder and ultimate controlling party | 506,019          | 660,066           |
| Other payable          | Associates                                                                                         | 12,297           | 17                |
| <b>Total</b>           |                                                                                                    | <b>1,144,067</b> | <b>1,227,601</b>  |

### XI. CONTINGENCY

#### 1. Australian subsidiaries and joint ventures

| Items                                                                                                                                      | As at 30 June 2015 | As at 1 January 2015 |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------|
| Performance guarantees provided to daily operations                                                                                        | 1,571,136          | 1,650,678            |
| Guarantees provided in respect of the cost of restoration of certain mining leases, given to government departments as required by statute | 247,412            | 218,380              |
| Guarantees provided to deposits                                                                                                            | 144,087            | –                    |
| Guarantees provided to land requisition                                                                                                    | –                  | 182,282              |
| <b>Total</b>                                                                                                                               | <b>1,962,635</b>   | <b>2,051,340</b>     |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XI. CONTINGENCY – CONTINUED

2. Zhongxin Daxie Fuel Co., Ltd. (“Zhongxin Daxie”), as the plaintiff, brought a civil litigation against the Company, as the defendant, at the Shandong Provincial Higher People’s Court, alleging a failure by the Company to perform its delivery obligations under Coal Sales Contract between the parties. Zhongxin Daxie sued for the termination of the coal sales contract, return of payments for goods and damage in an amount of RMB163.6 million. It was the first instance judgment of the Shandong Provincial Higher People’s Court that: Zhongxin Daxie’s claim was rejected. On 30 June 2014, the Company received the Notice of the Decision on Appeal from the Supreme People’s Court of the People’s Republic of China. As at the disclosure date of this report, the case has not yet been heard.
3. Except for the contingencies stated above and included in Note “X, ii, 2”, as at 30 June 2015, the Company does not have any other significant contingencies.

### XII. COMMITMENTS

#### 1. Ongoing investment agreement and related financial expenditure

- (1) In August 2006, the Company entered into an agreement with two independent third parties to establish a company to operate Yulin Yushuwan Coal Mine in Shaanxi. Pursuant to agreement, the Company shall pay RMB196.80 million and the Company has paid RMB117.93 million (note VI. 19). By the end of the reporting period, RMB78.87 million is still not paid by the Company. As at this reporting date, the Company’s application legal files for establishment and registration have been handled to National Development and Reform Committee (Shan Development and Reform Coal and Electricity (2009) No. 1652) and related government departments, and are still waiting to be approved.
- (2) The Company entered into equity transfer agreements and supplementary agreements with three independent third parties during 2010-2012 to acquire 74.82% equity interests of Inner Mongolia Haosheng Coal Mining Company Limited. According to several capital increase resolutions of the board of Inner Mongolia Haosheng Coal Mining Company Limited during 2011-2012, the Company needed to pay RMB7.361 billion for equity transfer and capital increase. As at the end of the reporting period, RMB4.84303 billion has been paid by the Company and RMB2.51797 billion was still unpaid.

#### 2. Ongoing lease agreements and related financial influence

As at 30 June 2015 (T), the amount shall be carried by the Company for irrevocable operating lease and financing lease of machinery and equipments, buildings, etc. are stated as follows:

| Terms           | Operating lease<br>(RMB’0000) | Financing lease<br>(RMB’0000) |
|-----------------|-------------------------------|-------------------------------|
| T+1 year        | 22,879                        | 5,090                         |
| T+2 years       | 16,980                        | 5,105                         |
| T+3 years       | 8,838                         | 4,570                         |
| T+3 years later | 276                           | 2,175                         |
| <b>Total</b>    | <b>48,973</b>                 | <b>16,940</b>                 |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XII. COMMITMENTS – CONTINUED

3. As at 30 June 2015, the Company's other commitments which have not been recognized in the financial statements are as follows:

| Commitments                                             | At 30 June 2015<br>(RMB'0000) | At 1 January 2015<br>(RMB'0000) |
|---------------------------------------------------------|-------------------------------|---------------------------------|
| Capital expenditure-purchase and construction of assets | 218,935                       | 273,192                         |
| <b>Total</b>                                            | <b>218,935</b>                | <b>273,192</b>                  |

4. Except for the above stated commitments, the Company has no other significant commitments to claim by 30 June 2015.

### XIII. EVENTS AFTER BALANCE SHEET DATE

1. Acquisition of 100% equity interests of Yankuang Donghua Heavy Industry Co., Ltd.

In July 2015, The "Resolution on the Discussion and Consideration of the Acquisition of 100% of Equity Interest of Yankuang Donghua Heavy Industry Co., Ltd." was approved at the ninth meeting of the sixth session of the Company's board and the Company was approved to acquire 100% of equity interest in Yankuang Donghua Heavy Industry Co., Ltd. ("Donghua Heavy Industry") held by Yankuang Group Co., Ltd. ("Yankuang Group") with the consideration of RMB676,045,800.

2. Except for the above stated events, the Company has no other significant events after balance sheet day to claim.

### XIV. OTHER IMPORTANT EVENTS

#### 1. Leases

- (1) At 30 June 2015, the carrying amount of fixed assets leased by the Company through leaseback financing lease was RMB 1.67769 billion. See Note VI.14. (2) for fixed assets by financial leases.
- (2) At 30 June 2015, minimum finance lease payment was RMB 206.64 million. See Note XII.2 for the minimum finance lease payment.
- (3) At 30 June 2015, minimum payment of significant operating leases was RMB 285.52 million. See Note XII.2 for the minimum payment of significant operating leases.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XIV. OTHER IMPORTANT EVENTS – CONTINUED

#### 2. Deposit of Environment Restoration

Pursuant to “Temporary Management Measurements for Deposit of Shandong Province Mine Geological Environment Restoration” with the code of Lucaizheng (2005) No.81 and respective regulations issued by the Shandong Province Finance Bureau and Shandong Provincial Department of Land & Resources, the mining rights owners shall implement obligation of mine environment restoration and hand in geological environment restoration deposit. The interests and principal of the deposit shall be returned to the mining rights owners after the acceptance of such restorations. In accordance with the provisions of such regulation, the Company and the subsidiary Heze Neng Hua shall hand in the deposit of RMB1.73284 billion and RMB903.19 million before the expiration of mining rights. By the end of the reporting period, the Company and the subsidiary Heze Neng Hua have handed in RMB1 billion and RMB52 million. In addition, pursuant to the provisions of “Notice of Withdrawal Management of Mine Environment Restoration Guarantee Deposit (Experimental)” issued by Shanxi government (Jinzhengfa (2007) No. 41), by the end of the reporting period, Heshun Tianchi, the subsidiary of the Company has paid the environmental guarantee deposits RMB43.49 million.

#### 3. Tax audit of Yancoal Australia Limited

Since 2013, Australian Tax Office (ATO) has conducted a tax review of Yancoal Australia, a subsidiary of the Company. This tax review has been continued till this reporting period and part of the tax issues have been rechecked by ATO. As at 30 June 2015, Yancoal Australia Limited and ATO were discussing the outstanding events. It is expected that the tax review conclusion will be fulfilled at the first half of 2015 and it will not have significant effect on financial position of Yancoal Australia.

#### 4. Financial support to Middlemount Joint Venture Pty Ltd.

Yancoal Australia, the subsidiary of the Company, submitted the document of offering financial support to Middlemount Joint Venture in 2014, commitment:

- (1) Yancoal Australia will not require Middlemount Joint Venture repay any debts, except Middlemount Joint Venture agrees to repay or otherwise specified in the loan agreement.
- (2) Yancoal Australia provides financial support to Middlemount Joint Venture, making it be able to repay the due debts. The borrowing amount will be determined on Yancoal Australia's equity holdings and the required amount of the loan.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XIV. OTHER IMPORTANT EVENTS – CONTINUED

#### 5. Segment report

##### (1) Segment report for the period from 1 January 2015 to 30 June 2015

Unit: RMB'000

| Items                                                     | Coal mining business | Railway transportation business | Methanol, Electricity power and heat | Undistributed items | Inter-segment eliminations | Total       |
|-----------------------------------------------------------|----------------------|---------------------------------|--------------------------------------|---------------------|----------------------------|-------------|
| <b>Operating revenue</b>                                  | 20,827,207           | 156,455                         | 1,998,058                            | 3,270,838           | 1,109,152                  | 25,143,406  |
| – External                                                | 20,330,676           | 156,455                         | 1,541,650                            | 3,114,625           | –                          | 25,143,406  |
| – Inter-segment                                           | 496,531              | –                               | 456,408                              | 156,213             | 1,109,152                  | –           |
| <b>Operating cost and expenses</b>                        | 20,420,793           | 152,235                         | 1,747,274                            | 3,247,268           | 1,092,177                  | 24,475,393  |
| – External                                                | 15,428,156           | 110,836                         | 1,461,572                            | 3,215,026           | –                          | 20,215,590  |
| – Inter-segment                                           | 749,705              | –                               | 80,713                               | –                   | 830,418                    | –           |
| – Operating expense during the period                     | 4,242,932            | 41,399                          | 204,988                              | 32,242              | 261,759                    | 4,259,802   |
| <b>Total operating profit (loss)</b>                      | 406,414              | 4,220                           | 250,784                              | 23,570              | 16,975                     | 668,013     |
| Total assets                                              | 182,122,498          | 390,795                         | 7,524,804                            | 3,293,854           | 61,340,930                 | 131,991,021 |
| Total liabilities                                         | 108,620,345          | 260,207                         | 3,900,997                            | 2,649,233           | 28,632,692                 | 86,798,090  |
| <b>Complementary information</b>                          |                      |                                 |                                      |                     |                            |             |
| Depreciation and amortization                             | 645,971              | –                               | 380,024                              | 4,756               | –                          | 1,030,751   |
| Non-cash expenses excluding depreciation and amortization | 137,060              | –                               | –                                    | –                   | –                          | 137,060     |
| Capital expenditure                                       | 2,181,480            | –                               | 139,355                              | 114,513             | –                          | 2,435,348   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XIV. OTHER IMPORTANT EVENTS – CONTINUED

#### 5. Segment report – continued

##### (2) Segment report for the period from 1 January 2014 to 30 June 2014

Unit: RMB'000

| Items                                                           | Coal mining<br>business | Railway<br>transportation<br>business | Methanol,<br>Electricity<br>power and heat | Undistributed<br>items | Inter-segment<br>eliminations | Total       |
|-----------------------------------------------------------------|-------------------------|---------------------------------------|--------------------------------------------|------------------------|-------------------------------|-------------|
| <b>Operating revenue</b>                                        | 32,163,143              | 245,550                               | 1,220,784                                  | 130,320                | 1,331,185                     | 32,428,612  |
| – External                                                      | 31,463,656              | 215,413                               | 739,355                                    | 10,188                 | –                             | 32,428,612  |
| – Inter-segment                                                 | 699,487                 | 30,137                                | 481,429                                    | 120,132                | 1,331,185                     | –           |
| <b>Operating cost and expenses</b>                              | 31,690,353              | 208,977                               | 1,085,098                                  | 131,974                | 978,641                       | 32,137,761  |
| – External                                                      | 25,909,872              | 134,193                               | 803,766                                    | 5,264                  | –                             | 26,853,095  |
| – Inter-segment                                                 | 697,441                 | 17,989                                | 135,901                                    | 115,162                | 966,493                       | –           |
| – Operating expense<br>during the period                        | 5,083,040               | 56,795                                | 145,431                                    | 11,548                 | 12,148                        | 5,284,666   |
| <b>Total operating profit</b>                                   | 472,790                 | 36,573                                | 135,686                                    | -1,654                 | 352,544                       | 290,851     |
| Total assets                                                    | 172,511,622             | 526,496                               | 7,665,942                                  | 2,570,152              | 46,556,568                    | 136,717,644 |
| Total liabilities                                               | 116,097,701             | 176,676                               | 4,515,280                                  | 220,395                | 31,036,290                    | 89,973,762  |
| <b>Complementary information</b>                                |                         |                                       |                                            |                        |                               |             |
| Depreciation and amortization                                   | 1,796,364               | 32,310                                | 220,762                                    | 1,097                  | –                             | 2,050,533   |
| Non-cash expenses<br>excluding depreciation<br>and amortization | 130,676                 | –                                     | –                                          | –                      | –                             | 130,676     |
| Capital expenditure                                             | 1,513,049               | 322                                   | 78,036                                     | 53,245                 | –                             | 1,644,652   |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XV. NOTES TO STATEMENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY

#### 1. Accounts receivable

(1) Classification of accounts receivable

| Items                                                            | At 30 June 2015  |            |                    |                    | At 1 January 2015 |                |                    |                    |
|------------------------------------------------------------------|------------------|------------|--------------------|--------------------|-------------------|----------------|--------------------|--------------------|
|                                                                  | Book value       |            | Bad debt provision |                    | Book value        |                | Bad debt provision |                    |
|                                                                  | Amount           | Proportion | Amount             | Accrued proportion | Amount            | proportion     | Amount             | Accrued proportion |
|                                                                  |                  |            |                    |                    |                   |                |                    |                    |
|                                                                  |                  | (%)        |                    | (%)                |                   | (%)            |                    | (%)                |
| Accounts receivables accrued bad debt provision as per portfolio | -                | -          | -                  | -                  | -                 | -              | -                  | -                  |
| Accounting aging portfolio                                       | 1,084,851        | 90         | 44,754             | 4                  | 1,040,097         | 305,105        | 56                 | 13,588             |
| Risk-free portfolio                                              | 121,106          | 10         |                    |                    | 121,106           | 237,059        | 44                 | -                  |
| The subtotal of portfolio                                        | 1,205,957        | 100        | 44,754             | 4                  | 1,161,203         | 542,164        | 100                | 13,588             |
| <b>Total</b>                                                     | <b>1,205,957</b> | <b>-</b>   | <b>44,754</b>      | <b>-</b>           | <b>1,161,203</b>  | <b>542,164</b> | <b>-</b>           | <b>13,588</b>      |

1) Accounts receivables in the portfolio accrued the bad debt provisions as per accounting aging analysis method:

| Item          | At 30 June 2015     |                    |                      |
|---------------|---------------------|--------------------|----------------------|
|               | Accounts receivable | Bad debt provision | % Bad debt provision |
| Within 1 year | 1,083,434           | 43,337             | 4                    |
| 1-2 years     | -                   | -                  | 30                   |
| 2-3 years     | -                   | -                  | 50                   |
| Over 3 years  | 1,417               | 1,417              | 100                  |
| <b>Total</b>  | <b>1,084,851</b>    | <b>44,754</b>      | <b>-</b>             |

2) Accounts receivables in the portfolio accrued the bad debt provision under other method:

| Item                | At 30 June 2015     |                    |                        |
|---------------------|---------------------|--------------------|------------------------|
|                     | Accounts receivable | Bad debt provision | Accrued proportion (%) |
| Risk-free portfolio | 121,106             | -                  | -                      |
| <b>Total</b>        | <b>121,106</b>      | <b>-</b>           | <b>-</b>               |

(2) There was no bad debt provision accrual, reversal (or recover) during the reporting period.

(3) There were no accounts receivables written off during the reporting period.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XV. NOTES TO STATEMENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY – CONTINUED

#### 2. Other receivables

(1) Classification of other receivables

| Items                                                          | At 30 June 2015 |            |                    |            |            | At 1 January 2015 |            |                    |            |            |
|----------------------------------------------------------------|-----------------|------------|--------------------|------------|------------|-------------------|------------|--------------------|------------|------------|
|                                                                | Carrying amount |            | Bad debt provision |            | Book value | Carrying amount   |            | Bad debt provision |            | Book value |
|                                                                | Amount          | Proportion | Amount             | proportion |            | Amount            | proportion | Amount             | proportion |            |
|                                                                |                 |            |                    |            |            |                   |            |                    |            |            |
|                                                                |                 |            |                    |            |            |                   |            |                    |            |            |
| Accounts receivables accrued                                   |                 |            |                    |            |            |                   |            |                    |            |            |
| bad debt provision as per portfolio                            | -               | -          | -                  | -          | -          | -                 | -          | -                  | -          | -          |
| Accounting aging portfolio                                     | 26,678          | -          | 14,631             | 55         | 12,047     | 15,112            | -          | 13,968             | 92         | 1,144      |
| Risk-free portfolio                                            | 7,217,810       | 100        |                    |            | 7,217,810  | 3,996,573         | 100        | -                  | -          | 3,996,573  |
| The subtotal of portfolio                                      | 7,244,488       | 100        | 14,631             |            | 7,229,857  | 4,011,685         | 100        | 13,968             | -          | 3,997,717  |
| The receivables without individual significant amount accruing |                 |            |                    |            |            |                   |            |                    |            |            |
| bad debts provisions                                           | 3,163           | -          | 3,163              | 100        | -          | 3,163             | -          | 3,163              | 100        | -          |
| Total                                                          | 7,247,651       |            | 17,794             |            | 7,229,857  | 4,014,848         | -          | 17,131             | -          | 3,997,717  |

1) Other receivables in the portfolio accrued the bad debt provisions as per aging analysis method:

| Item          | At 30 June 2015           |                    |                      |
|---------------|---------------------------|--------------------|----------------------|
|               | Other accounts receivable | Bad debt provision | % Bad debt provision |
| Within 1 year | 12,029                    | 481                | 4                    |
| 1-2 years     | -                         | -                  | 30                   |
| 2-3 years     | 1,000                     | 500                | 50                   |
| Over 3 years  | 13,649                    | 13,649             | 100                  |
| <b>Total</b>  | <b>26,678</b>             | <b>14,631</b>      | <b>-</b>             |

2) Other receivables in the portfolio accrued the bad debt provision under other method:

| Item                | At 30 June 2015  |                    |                       |
|---------------------|------------------|--------------------|-----------------------|
|                     | Other receivable | Bad debt provision | Accrued proportion(%) |
| Risk-free portfolio | 7,217,810        | -                  | -                     |
| <b>Total</b>        | <b>7,217,810</b> | <b>-</b>           | <b>-</b>              |

Note: Risk-free portfolio includes balance between the Company and its subsidiary with the amount of RMB 3.62813 billion.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XV. NOTES TO STATEMENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY – CONTINUED

#### 2. Other receivables – continued

(1) *Classification of other receivables – continued*

- 3) Other receivables without individual significant amount accruing bad debt provision as at 30 June 2015

| Company             | Carrying amount | Bad debt amount | Accrued proportion (%) | Reason for accrual |
|---------------------|-----------------|-----------------|------------------------|--------------------|
| Guoneng Head office | 3,163           | 3,163           | 100                    | Non-recoverable    |
| <b>Total</b>        | <b>3,163</b>    | <b>3,163</b>    | –                      | –                  |

(2) There was no bad debt provision accrual, reversal (or recover) during the reporting period.

(3) There were no other receivables written off during the reporting period.

(4) Other receivable categorized by nature

| Nature                        | Carrying amount at 30 June 2015 | Carrying amount at 1 January 2015 |
|-------------------------------|---------------------------------|-----------------------------------|
| Current accounts              | 5,906,969                       | 3,745,030                         |
| Petty cash                    | 23,540                          | 11,710                            |
| Security deposit              | 49,440                          | 170,479                           |
| Receivable of materials       | 142,100                         | 63,633                            |
| Receivable of investment      | 1,125,000                       | –                                 |
| Receivable of advance payment | 602                             | 518                               |
| Deductible tax                |                                 | 23,478                            |
| <b>Total</b>                  | <b>7,247,651</b>                | <b>4,014,848</b>                  |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XV. NOTES TO STATEMENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY – CONTINUED

#### 3. Long-term equity investment

(1) Classification of long-term equity investment

| Items                                       | At 30 June 2015   |                          |                   | At 1 January 2015 |                          |                   |
|---------------------------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|                                             | Carrying amount   | Provision for impairment | Carrying amount   | Carrying amount   | Provision for impairment | Carrying amount   |
| Investment on subsidiaries                  | 29,791,871        | –                        | 29,791,871        | 29,791,871        | –                        | 29,791,871        |
| Investment on joint ventures and associates | 3,318,049         | –                        | 3,318,048         | 2,958,980         | –                        | 2,958,980         |
| <b>Total</b>                                | <b>33,109,920</b> | <b>–</b>                 | <b>33,109,919</b> | <b>32,750,851</b> | <b>–</b>                 | <b>32,750,851</b> |

(2) Investment on subsidiaries

| Investees                                 | 1 January 2015    | Increase | Decrease | 30 June 2015      | Current-year accrual for impairment | Provision for impairment as at 30 June 2015 |
|-------------------------------------------|-------------------|----------|----------|-------------------|-------------------------------------|---------------------------------------------|
| Qingdao Free Trade Zone                   |                   |          |          |                   |                                     |                                             |
| Zhongyan Trade Co., Ltd.                  | 2,710             | –        | –        | 2,710             | –                                   | –                                           |
| Shandong Yanmei Shipping Co., Ltd.        | 10,576            | –        | –        | 10,576            | –                                   | –                                           |
| Yanmei Heze Neng Hua Co., Ltd.            | 2,924,344         | –        | –        | 2,924,344         | –                                   | –                                           |
| Yancoal Australia Limited                 | 3,781,600         | –        | –        | 3,781,600         | –                                   | –                                           |
| Yanzhou Coal Mining Yulin                 |                   |          |          |                   |                                     |                                             |
| Neng Hua Co., Ltd.                        | 1,400,000         | –        | –        | 1,400,000         | –                                   | –                                           |
| Yanzhou Coal Shanxi Neng Hua Co., Ltd.    | 508,206           | –        | –        | 508,206           | –                                   | –                                           |
| Yanzhou Coal Ordos Neng Hua Co., Ltd.     | 8,100,000         | –        | –        | 8,100,000         | –                                   | –                                           |
| Shandong Hua Ju Energy Co., Ltd.          | 599,523           | –        | –        | 599,523           | –                                   | –                                           |
| Yancoal International (Holding) Co., Ltd. | 4,212,512         | –        | –        | 4,212,512         | –                                   | –                                           |
| Zoucheng Yankuang Beisheng                |                   |          |          |                   |                                     |                                             |
| Industry and Trade Co., Ltd.              | 2,404             | –        | –        | 2,404             | –                                   | –                                           |
| Shandong Coal Trading Centre Co., Ltd.    | 51,000            | –        | –        | 51,000            | –                                   | –                                           |
| Inner Mongolia Haosheng                   |                   |          |          |                   |                                     |                                             |
| Coal Mining Co., Ltd.                     | 7,360,996         | –        | –        | 7,360,996         | –                                   | –                                           |
| Shandong Yanmei Rizhao                    |                   |          |          |                   |                                     |                                             |
| Port Coal Storage and Blending Co., Ltd.  | 153,000           | –        | –        | 153,000           | –                                   | –                                           |
| Zhongyin Logistic                         | 300,000           | –        | –        | 300,000           | –                                   | –                                           |
| Zhongyin Financing Lease Co., Ltd.        | 375,000           | –        | –        | 375,000           | –                                   | –                                           |
| Duanxin Investment Holding                |                   |          |          |                   |                                     |                                             |
| (Beijing) Co., Ltd.                       | 10,000            | –        | –        | 10,000            | –                                   | –                                           |
| <b>Total</b>                              | <b>29,791,871</b> | <b>–</b> | <b>–</b> | <b>29,791,871</b> | <b>–</b>                            | <b>–</b>                                    |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XV. NOTES TO STATEMENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY – CONTINUED

#### 3. Long-term equity investment – continued

(3) Investment on joint ventures and associates

| Increase/Decrease in the period ended 30 June 2015                             |                  |                |          |                |               |          |                |            |          |                  |               |
|--------------------------------------------------------------------------------|------------------|----------------|----------|----------------|---------------|----------|----------------|------------|----------|------------------|---------------|
|                                                                                | 1 January        |                |          | Investment     | Adjustment    |          | Cash or        |            |          | Provision for    |               |
|                                                                                |                  |                |          | income         | on other      | Movement | share          |            |          | impairment       |               |
|                                                                                | 2015             | Increase       | Decrease | under equity   | comprehensive | of other | dividends      | Impairment |          | At 30 June       | as at 30 June |
| Investees                                                                      | 2015             |                |          | method         | income        | equity   | declared       | accrual    | Others   | 2015             | 2015          |
| I. Joint venture                                                               |                  |                |          |                |               |          |                |            |          |                  |               |
| Shengdi Fentai Coal Preparation and Engineering Technology (Tianjin) Co., Ltd. | 3,351            | 7,000          | -        | 3,116          | -             | -        | -              | -          | -        | 13,467           | -             |
| II. Associates                                                                 |                  |                |          |                |               |          |                |            |          |                  |               |
| China HD Zouxian Co., Ltd.                                                     | 1,188,757        | -              | -        | 168,378        | -             | -        | 165,873        | -          | -        | 1,191,262        | -             |
| Yankuang Group Finance Co., Ltd.                                               | 310,308          | -              | -        | 18,590         | -             | -        | -              | -          | -        | 328,898          | -             |
| Shaanxi Future Energy Chemical Co., Ltd.                                       | 1,456,564        | -              | -        | 40,661         | 22,637        | -        | -              | -          | -        | 1,519,862        | -             |
| Shanghai CIFCOO Futures Co., Ltd.                                              | -                | 264,560        | -        | -              | -             | -        | -              | -          | -        | 264,560          | -             |
| Shandong Shengyang Wood Co., Ltd.                                              | -                | -              | -        | -              | -             | -        | -              | -          | -        | -                | -             |
| Jining Jiemei New Wall Materials Co., Ltd.                                     | -                | -              | -        | -              | -             | -        | -              | -          | -        | -                | -             |
| <b>Total</b>                                                                   | <b>2,958,980</b> | <b>271,560</b> | <b>-</b> | <b>230,745</b> | <b>22,637</b> | <b>-</b> | <b>165,873</b> | <b>-</b>   | <b>-</b> | <b>3,318,049</b> | <b>-</b>      |

#### 4. Operating revenue and operating cost

| Items                | Current year         |                   | Last year            |                   |
|----------------------|----------------------|-------------------|----------------------|-------------------|
|                      | Operation<br>revenue | Operation<br>cost | Operation<br>revenue | Operation<br>cost |
| Principal operations | 8,047,338            | 4,725,818         | 21,372,741           | 17,164,847        |
| Other operations     | 3,802,358            | 3,749,008         | 1,441,747            | 1,411,293         |
| <b>Total</b>         | <b>11,849,696</b>    | <b>8,474,826</b>  | <b>22,814,488</b>    | <b>18,576,140</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### XV. NOTES TO STATEMENTS OF FINANCIAL STATEMENTS OF THE PARENT COMPANY – CONTINUED

#### 5. Investment income

| Items                                                                                         | Current year   | Last year      |
|-----------------------------------------------------------------------------------------------|----------------|----------------|
| Held-to-maturity investment income                                                            | 318,759        | 483,449        |
| Investment income for long-term equity investment under equity method                         | 230,745        | 100,182        |
| Investment income from disposal of financial liabilities at fair value through profit or loss | 2,375          | –              |
| Investment income of available-for-sale financial assets during holding period                | 60             | 85             |
| <b>Total</b>                                                                                  | <b>551,939</b> | <b>583,716</b> |

### XVI. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved by board of directors on 28 August 2015.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### SUPPLEMENT

#### 1. Extraordinary gain

Pursuant to Explanation to Information Disclosure and Presentation Rules for Companies Making Public Offering No.1 Extraordinary Gain (2008), extraordinary gains of the Company for the reporting period are as follows:

| Items                                                                                                                                                                                                                                                                            | Current year   | Remark |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------|
| Gain and loss from disposal of non-current assets                                                                                                                                                                                                                                | -11,074        |        |
| Government subsidies included in the gains and losses of the period                                                                                                                                                                                                              | 190,988        |        |
| Income from the difference between the fair value of the identifiable net assets receivable from the investees and investment cost of subsidiaries, associates and joint ventures acquired                                                                                       | 38,083         |        |
| Gain and loss from changes in fair value of tradable financial assets and liabilities, and investment income from disposal of tradable financial assets and liabilities as well as available for sales financial assets except the hedging business related to normal operations | 305,289        |        |
| Fair value changes of CVR                                                                                                                                                                                                                                                        |                |        |
| Other non-operating revenues and expenses excluding the above items                                                                                                                                                                                                              | 83,073         |        |
| Other gain/loss that meets the definition of extraordinary gain/loss                                                                                                                                                                                                             |                |        |
| <b>Subtotal</b>                                                                                                                                                                                                                                                                  | <b>606,359</b> |        |
| Extraordinary gain or loss excluding income tax effect                                                                                                                                                                                                                           | 157,602        |        |
| Minority interest effect (after tax)                                                                                                                                                                                                                                             | 9,694          |        |
| <b>Impact attributable to the Parent (after tax)</b>                                                                                                                                                                                                                             | <b>439,063</b> |        |

Note: Other items that meet the definition of extraordinary gain or loss is the interest occupied by the fund of the Company and its subsidiaries, which is relieved by Finance Department of Inner Mongolia Autonomous Region and Bureau of Territorial Resources.

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### SUPPLEMENT – CONTINUED

#### 2. Return on net assets and earnings per share

Pursuant to *Information Disclosure and Presentation Rules for Companies Making Public Offering No.9 computation and disclosure of Return on net assets and earnings per share* (revised in 2010) issued by China Securities Regulatory Commission, the weighted average return on net assets and earnings per share of the Company during the reporting period are as follows:

| Profit during the report period                                                                     | Weighted average return on net assets (%) | Earnings per share       |                            |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------|----------------------------|
|                                                                                                     |                                           | Basic Earnings per share | Diluted earnings per share |
| Net profit attributable to shareholders of the parent company                                       | 1.64                                      | 0.1009                   | 0.1009                     |
| Net profit attributable to shareholders of the parent company, excluding extraordinary gain or loss | 0.50                                      | 0.0116                   | 0.0116                     |

#### 3. Accounting figures differences under CASs and IFRS

(1) *Differences of net profit and net assets in the financial statements under CASs and IFRS.*

| Items                                        | Net profit attributable to shareholders of the Company |                | Equity attributable to shareholders of the Company |                   |
|----------------------------------------------|--------------------------------------------------------|----------------|----------------------------------------------------|-------------------|
|                                              | Current year                                           | Last year      | At 30 June 2015                                    | At 1 January 2015 |
| Under IFRS                                   | -50,626                                                | 587,235        | 36,834,550                                         | 38,725,846        |
| Difference adjustment                        |                                                        |                |                                                    |                   |
| 1. Adjustments under common control (Note 1) | 5,288                                                  | 5,966          | -1,394,006                                         | -1,399,295        |
| 2. Special Reserves (Note 2)                 | 734,528                                                | 326,257        | -475,433                                           | -530,805          |
| 3. Deferred tax (Note 5)                     | -181,651                                               | -86,307        | 101,502                                            | 274,031           |
| 4. Perpetual capital notes (Note 3)          | 132,897                                                | –              | 6,618,316                                          | 2,521,456         |
| 5. Impairment of intangible assets (Note 4)  | –                                                      | –              | -657,901                                           | -702,435          |
| 6. Other                                     | -11,223                                                | 2,401          | 250,972                                            | 309,880           |
| <b>Under CAS</b>                             | <b>629,213</b>                                         | <b>835,552</b> | <b>41,278,000</b>                                  | <b>39,198,678</b> |

## CHAPTER 7 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

### SUPPLEMENT – CONTINUED

#### 3. Accounting figures differences under CASs and IFRS – continued

(1) *Differences of net profit and net assets in the financial statements under CASs and IFRS. – continued*

Note 1: According to CAS, related assets and subsidiaries acquired from Yankuang Group are belonged to business combination under common control. The assets and liabilities of acquirees are measured at carrying amount at the acquisition date. The difference of net assets acquired and the consolidated consideration shall adjust capital reserves. In accordance with IFRS, however, the identifiable assets, liabilities and contingent liabilities at the acquisition date are measured in fair value by acquirees. The difference of consolidated cost over the fair value of acquirees' identifiable net assets at the acquisition date is recognized as goodwill.

Note 2: As mentioned in Note II.25, according to the requirements of related regulation by Chinese government, enterprises in coal industry should accrual safety production fees and similar fees, and recognized in profit and loss for the current period and individually reflected in special reserves in owner's equity. Where there are fixed assets arising from the use of special reserves in required range, the amount should be recognized in related cost and the accumulated depreciation should be fully transferred out. In accordance with IFRS, however, these fees should be recognized when they occurred. Fixed assets are recognized when related capital expenditure occurs and provided for depreciation using related method.

Note 3: In accordance CAS, the perpetual capital notes issued by the parent company are presented in financial statements as owner's equity attributed to the parent company, while the perpetual capital notes issued by the subsidiaries are presented as minority interest. Under IFRS, however, these notes should be individually presented.

Note 4: In accordance with CAS, the provision of impairment on long-term assets cannot be reversed once it is recognized. Under, IFRS, however, the provision for impairment on long-term assets can be reversed.

Note 5: There are differences of tax and minority interest arising from the above differences of standards.

**Yanzhou Coal Mining Company Limited**

28 August 2015

## CHAPTER 8 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the office of the secretary to the Board at 298 Fushan Road South, Zoucheng, Shandong Province, the PRC:

- Financial statements of the Company with the corporate seal affixed and signed by the legal representative, person responsible for accounting work and responsible person of the accounting department;
- All documents and announcements published during the reporting period on websites designated by the CSRC;
- The full text of the Interim Report released in other securities markets.

On behalf of the Board

**Li Xiyong**

*Chairman*

**Yanzhou Coal Mining Company Limited**

28 August 2015