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*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. This announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Programme (as defined below) is being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.*

***This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever.** For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

***Notice to Hong Kong investors:** The Issuer and the Guarantor (as defined below) confirm that the Bonds (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

PUBLICATION OF OFFERING CIRCULAR

Yankuang Group (Cayman) Limited

(incorporated with limited liability in the Cayman Islands)

(the "Issuer")

U.S.$500,000,000 2.90 per cent. Bonds due 2024 (the "Bonds")
(Stock Code: 40951)

Unconditionally and Irrevocably Guaranteed by

SHANDONG ENERGY GROUP CO., LTD.
山東能源集團有限公司

(incorporated in the People's Republic of China with limited liability)

(the "Guarantor")

Issue Price: 100.00 per cent.

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

The offering circular dated 23 November 2021 (the "**Offering Circular**") in relation to the Bonds is appended to this announcement. As disclosed in the Offering Circular, the Bonds are intended for purchase by Professional Investors (as defined in Chapter 37 of the Listing Rules) only and the Bonds have been listed on The Stock Exchange of Hong Kong Limited on that basis.

By Order of the Board
Yankuang Group (Cayman) Limited
Li Shipeng
Director

As at the date of this announcement, the directors of Shandong Energy Group Co., Ltd. are:

Li Wei
Zhang Baocai
Yue Baode
Gu Shisheng
Ru Gang
Xiang Lichang
Chen Hong
Zhou Jian
Yang Chaohe

As at the date of this announcement, the directors of Yankuang Group (Cayman) Limited are:

Li Shipeng
Wang Wei

December 1, 2021

Appendix 1 – Offering Circular dated 23 November 2021

IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY INTO THE UNITED STATES

IMPORTANT: You must read the following before continuing. The following applies to the offering circular (the "Offering Circular") following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive from the Issuer or the Joint Lead Managers (each as defined in the Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES DESCRIBED HEREIN MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Restrictions: The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described in the Offering Circular.

Confirmation of Your Representation:

In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities described herein, investors must comply with the following provisions. By accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to have represented to the Joint Lead Managers (as defined in the Offering Circular), the Issuer (as defined in the Offering Circular) and the Guarantor (as defined in the Offering Circular) (1) that you and any customers you represent are not, and that the electronic mail address that you gave the Issuer and the Guarantor and to which this e-mail has been delivered is not, located in the United States, its territories or possessions, and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission, and (3) to the extent you purchase the securities described herein, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. You should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

The materials relating to any offering of the securities described herein do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers to subscribe or purchase any of the securities described herein, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licenced broker or dealer and any Joint Lead Manager or any affiliate of any Joint Lead Manager is a licenced broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Joint Lead Managers or any person who controls any Joint Lead Manager nor any director, officer, employee, agent, representative nor adviser of any Joint Lead Manager or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Actions that you may not take: If you receive this notice by e-mail, you should not reply by e-mail to this notice, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

STRICTLY CONFIDENTIAL

Yankuang Group (Cayman) Limited

(a company incorporated in the Cayman Islands with limited liability)

U.S.$500,000,000 2.90 per cent. Bonds due 2024
Unconditionally and Irrevocably Guaranteed by

SHANDONG ENERGY GROUP CO., LTD.
山東能源集團有限公司

(incorporated in the People's Republic of China with limited liability)

Issue Price: 100.00 per cent.

The U.S.$500,000,000 2.90 per cent. Guaranteed Bonds due 2024 (the "Bonds") will be issued by Yankuang Group (Cayman) Limited (the "Issuer"), a company incorporated in the Cayman Islands with limited liability, and will be unconditionally and irrevocably guaranteed (the "Guarantee") by Shandong Energy Group Co., Ltd. (the "Guarantor"), a company incorporated under the laws of the People's Republic of China (the "PRC").

The Bonds will bear interest on their outstanding principal amount from and including 30 November 2021 at the rate of 2.90 per cent. per annum. Interest on the Bonds is payable semi-annually in arrear on 30 May and 30 November in each year, commencing 30 May 2022. Payments on the Bonds will be made free and clear of, and without withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected withheld or assessed by the Cayman Islands or the PRC or, in either case, any political subdivision or any authority therein or thereof having power to tax to the extent described under "*Terms and Conditions of the Bonds – Taxation*".

The Bonds will constitute (subject to Conditions 4(a) to 4(d) of the terms and conditions of the Bonds (the "Terms and Conditions")) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Conditions 4(a) to 4(d) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Guarantor will enter into a deed of guarantee (the "Deed of Guarantee") on or around 30 November 2021 (the "Issue Date"). The Guarantor will be required to register or cause to be registered with the State Administration of Foreign Exchange or its local counterpart ("SAFE") the Deed of Guarantee within 15 PRC Business Days (as defined in the Terms and Conditions) of the execution of the Deed of Guarantee in accordance with the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (跨境擔保外匯管理規定) promulgated by SAFE.

Neither Shandong SASAC nor any other PRC governmental entity has any payment or other obligations under the Bonds or the trust deed (the "Trust Deed") dated on or about the Issue Date made between the Issuer, the Guarantor and The Bank of New York Mellon, London Branch (the "Trustee") and will not provide a guarantee of any kind for the Bonds. The Bondholders shall have no recourse to the Shandong SASAC or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Issuer or the Guarantor pursuant to the Deed of Guarantee and the obligations of the Issuer under the Bonds or the Trust Deed shall be fulfilled by the Issuer as an independent legal person.

The Guarantor undertakes that it will (i) within 15 PRC Business Days (as defined in the Terms and Conditions) after the execution of the Deed of Guarantee, register or cause to be registered with SAFE the Deed of Guarantee pursuant to the Administration of Foreign Exchange of Cross-border Guarantee and its operating guidelines, effective as of 12 May 2014 ("Cross-border Security Registration"), (ii) use its best endeavours to complete the Cross-border Security Registration on or before the Registration Deadline (being 90 calendar days after the Issue Date) and obtain a valid SAFE outbound guarantee registration form and related business registration evidence or any other document evidencing the completion of registration issued by SAFE, as further described in Condition 4(f) of the Terms and Conditions.

Pursuant to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) (the "NDRC Circular") issued by the National Development and Reform Commission of the PRC ("NDRC") on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 20 October 2021 evidencing such registration and undertakes to provide the requisite information on the issuance of the Bonds to the NDRC within 10 PRC Business Days after the Issue Date.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem each Bond at its principal amount on 30 November 2024 (the "Maturity Date"). At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined below) (which notice shall be irrevocable), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount, together with interest accrued up to but excluding the date fixed for redemption, if, immediately before giving such notice, the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee that the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 23 November 2021, and such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it. See "*Terms and Conditions of the Bonds – Redemption and Purchase*". For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 45.

Following the occurrence of a Change of Control Event, the Bondholders will have the put right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. of their principal amount, together in each case with interest accrued up to but excluding the Change of Control Put Settlement Date (as defined in Condition 6(c) (*Redemption for Change of Control Event*), as further described in Condition 6(c) (*Redemption for Change of Control Event*) of the Terms and Conditions.

Following the occurrence of a No Registration Event, the Bondholders will have the put right at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds at their principal amount, together in each case with interest accrued up to but excluding the No Registration Event Put Settlement Date (as defined in Condition 6(d) (*Redemption for No Registration Event*) of the Terms and Conditions), as further described in Condition 6(d) (*Redemption for No Registration Event*) of the Terms and Conditions.

The Bonds will be issued in denominations of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof.

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 14 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*".

The Guarantor has been assigned a corporate rating of Ba1 with a stable outlook by Moody's Investors Services, Inc. ("Moody's") and a corporate rating of BB with a stable outlook by S&P Global Ratings ("S&P"). The Bonds are expected to be rated Ba1 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Application has been made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Professional Investors")) only. This document is for distribution to Professional Investors only. **Notice to Hong Kong investors:** The Issuer and Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on The Stock Exchange of Hong Kong Limited on that basis. Accordingly, the Issuer and Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer, the Group and Guarantor, or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

The Bonds will be represented initially by interests in a global certificate (the "Global Certificate") in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

China International Capital Corporation	**China Securities International**	**Guotai Junan International**	**CCB International**	**Shenwan Hongyuan (H.K.)**

Joint Lead Managers and Joint Bookrunners

ABC International	**CEB International**	**CLSA**	**Huatai International**	**Zhongtai International**
China CITIC Bank International	**Industrial Bank Co., Ltd. Hong Kong Branch**			**China Minsheng Banking Corp., Ltd., Hong Kong Branch**
Tai Fung Bank	**CMBC Capital**		**TF International**	

The date of this Offering Circular is 23 November 2021

NOTICE TO INVESTORS

THIS OFFERING CIRCULAR DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE THE OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES IMPLY THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE ISSUER AND THE GUARANTOR OR ANY OF ITS SUBSIDIARIES OR THAT THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR IS CORRECT AS OF ANY DATE SUBSEQUENT TO THE DATE HEREOF.

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Group and the Guarantor. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Each of the Issuer and the Guarantor assumes full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that (i) this Offering Circular contains all material information with respect to the Issuer, the Guarantor and the Guarantor's direct and indirect subsidiaries taken as a whole (collectively, the "Group") and the Bonds and the Guarantee (including all information which, according to the particular nature of the Issuer, the Guarantor, the Group, the Bonds and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the Guarantor and the Group and of the rights attaching to the Bonds and the Guarantee), (ii) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, (iii) the statements of fact contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee are in every material respect true and accurate and not misleading, (iv) the statements of intention, opinion, belief or expectation contained in this Offering Circular are, honestly and reasonably made or held and (v) all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such statements. This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds and giving of the Guarantee described in this Offering Circular. The distribution of this Offering Circular, the offering of the Bonds and the giving of the Guarantee in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and China International Capital Corporation Hong Kong Securities Limited, China Securities (International) Corporate Finance Company Limited, Guotai Junan Securities (Hong Kong) Limited, CCB International Capital Limited, Shenwan Hongyuan Securities (H.K.) Limited, ABCI Capital Limited, CEB International Capital Corporation Limited, CLSA Limited, Huatai Financial Holdings (Hong Kong) Limited, Zhongtai International Securities Limited, China CITIC Bank International Limited, Industrial Bank Co., Ltd. Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Tai Fung Bank Limited, CMBC Securities Company Limited and TFI Securities and Futures Limited (the "Joint Lead Managers") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds and giving of the Guarantee or the distribution of this document in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the Guarantor giving the Guarantee, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see "*Subscription and Sale*".

No person has been or is authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any information supplied by the Issuer and the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or the Joint Lead Managers or the Trustee or the Agents (as defined in the Terms and Conditions) or their respective affiliates, directors, officers, employees, representatives, agents and advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

None of the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, representatives, agents and advisers has separately verified the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective director, officer, employee, agent, adviser, representative or affiliate, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any information supplied in connection with the Bonds and the Guarantee. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the Guarantor and the merit and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents, or any of their respective affiliates, directors, officers, employees, representatives, agents and advisers, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager, the Trustee or an Agent, or any of their respective director, officer, employee, agent, adviser, representative or affiliate or on its behalf, in connection with the Issuer, the Guarantor, the Group, the issue and offering of the Bonds or the giving of the Guarantee. Each of the Joint Lead Managers, the Trustee and the Agents and their respective directors, officers, employees, agents, advisers, representatives and affiliates accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents nor any of their respective director, officer, employee, agent, adviser, representative or affiliate undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective director, officer, employee, agent, adviser, representative or affiliate.

This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. This Offering Circular does not constitute an offer or an invitation to subscribe for or to purchase any Bonds, is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective director, officer, employee, agent, adviser, representative or affiliate that any recipient of this Offering Circular should subscribe for or purchase any Bonds. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor with its own tax, legal and business advisers as it deems necessary.

Except as otherwise indicated in this Offering Circular, all non-Group specific statistics and data relating to the industry or to the economic development of certain regions within the People's Republic of China have been extracted or derived from publicly available information and industry publications. Such information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or by their respective directors, officers, employees, agents, advisers, representatives and affiliates, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or their respective directors, officers, employees, agents, advisers, representatives or affiliates makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers who contributed to the publicly available information and industry publications may have obtained information from market participants and such information may not have been independently verified.

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Bonds.

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor, and the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. In making an investment decision, the prospective investor must rely on its own judgment and examination of the Issuer and the Guarantor and the Terms and Conditions of the Bonds, including the merits and risks involved. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates are making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS A STABILISING MANAGER (A "STABILISING MANAGER") OR ANY PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Any of the Joint Lead Manager or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer, the Guarantor or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

Cayman Islands Data Protection: *Under the Cayman Islands Data Protection Act (as amended) and, in respect of EU data subjects, the EU General Data Protection Regulation (together, the "Data Protection Legislation"), individual data subjects have rights and the Issuer as data controller has obligations with respect to the processing of personal data by the Issuer and its affiliates and delegates. Breach of the Data Protection Legislation by the Issuer could lead to enforcement action.*

Prospective investors should note that personal data may in certain circumstances be required to be supplied to the Issuer in order for an investment in the Bonds to continue or to enable the Bonds to be redeemed. If the required personal data is not provided, a prospective investor will not be able to continue to invest in the Bonds or to redeem the Bonds.

The Issuer has published a privacy notice (the "Data Privacy Notice"), which provides prospective investors with information on the Issuer's use of their personal data in accordance with the Data Protection Legislation. The location and means of accessing the Data Privacy Notice is specified in the "General Information" section of this Offering Circular.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Industry and Market Data

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on internal surveys, market research, public information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed by the Issuer to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Joint Lead Managers, the Trustee, the Agents or their respective affiliates, directors, officers, employees, representatives, agents and advisers makes any representation as to the correctness, accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

Presentation of Financial Information

This Offering Circular contains (i) consolidated financial information of the Guarantor as of and for the year ended 31 December 2019; and (ii) consolidated financial information of the Guarantor as of and for the years ended 31 December 2020, which has been extracted from the audited consolidated financial statements of the Guarantor as of and for the year ended 31 December 2020 (the "2020 Pro Forma Financial Statements"); and (iii) consolidated financial information of the Guarantor as of and for the six months ended 30 June 2020 and 2021, which has been extracted from the unaudited but reviewed consolidated financial statements of the Guarantor as of and for the six months ended 30 June 2021 (the "2021 Half-Year Financial Statements").

2020 Pro Forma Financial Statements have been audited, and the 2021 Half-Year Financial Statements have been reviewed, by Zhongxingcai, the independent auditor of the Guarantor. They are included elsewhere in this Offering Circular and were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (the "PRC GAAP"). PRC GAAP differs in certain material respects from International Financial Reporting Standards ("IFRS"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Certain Differences Between PRC GAAP and IFRS*".

In 2020, Yancoal Group and Former Shandong Energy Group implemented a joint restructuring and the benchmark date of the restructuring was 31 December 2019. The 2020 Pro Forma Financial Statements assume that the merger has been completed on 1 January 2019, and according to the equity structure after the merger, it has existed and continued to operate since the beginning of the period, and there is no significant change during the period from 1 January 2019 to 31 December 2019, and the assumed corporate structure is the accounting entity. In order to fully and completely reflect the situation after the merger, according to the regulations on the preparation of statements for business merger under the same control, and assuming that the merger was completed on 1 January 2019, and the organizational structure after the merger date exists and continues to operate since the beginning of the period. The 2020 Pro Forma Financial Statements were prepared on the basis of (i) the consolidated financial statements audited by Daxin certified public accountants in 2019; and (ii) the report no. of Yankuang Group Co., Ltd. audited by ZTC Guanghua certified public accountants in 2019. When preparing 2020 Pro Forma Financial Statements, the significant internal related data among the companies included in the consolidation scope

have been offset. The accounting policies based on the merger parties are consistent in all important aspects, and the accounting estimates based on them are consistent in all important aspects. For more details on the basis for preparation of 2020 Pro Forma Financial Statements, please see Note II to 2020 Pro Forma Financial Statements.

In preparing the 2020 Pro Forma Financial Statements, certain retroactive adjustments were made to the Guarantor's audited consolidated financial statements as of and for the year ended 31 December 2019. The adjustments are mainly retroactive adjustments in relation to (i) the accounting errors of Shandong Energy Xinwen Mining Group Hong Kong International, Shandong Energy Xinwen Mining Group Inner Mongolia Energy, Shandong Energy Xinwen Mining Group Inner Mongolia Energy, Water and Coal Company and Liangzhuang Company; (ii) reduction of the construction in progress, minority shareholders' equity and the undistributed profit of Linyi Huibaoling Iron Mine Co., Ltd. Fenghuangling Iron Mine Branch of Shandong Energy Linyi Mining Group; (iii) the adjustment on the start-up expenses of Shandong Energy Linyi Mining Group Australia Pty Ltd; (iv) write-down of depreciation of Zibo Mining Group Inner Mongolia Huangtaolegai Coal Co., Ltd. due to the delay in capital transfer; (v) the deficit for safety expenses of Zibo Mining Group Inner Mongolia Shuangxin Mining Co., Ltd.; (vi) the reversal of receivable dividends Zibo Mining Group Shandong Fangda Engineering Co., Ltd.; (vii) the reduction of long-term receivables Zibo Mining Group due to the zero consideration for the transfer of Zibo Lingzi Thermal Power Co., Ltd. to Shandong Guohui; and (viii) the adjustment on undistributed profits of Shandong Guoxin Healthcare Group due to the write-off of the medical receivables and transactions between the subsidiary of Medical Investment Company and Shandong Xinyan Pharmaceutical Co., Ltd.. It is possible that similar adjustments will be made to our historical financial statements when new financial reports are issued in the future. For more details on these adjustments, please see Note V to the 2020 Pro Forma Financial Statements and the risk factor titled "Risk Factors – Risks Relating to the Group's Business – The financial information of the Group as at and for the years ended 31 December 2019 has been adjusted by Zhongxingcai in the 2020 Pro Forma Financial Statements".

Certain amounts and percentages included in this Offering Circular have been rounded. Accordingly, the sum of the numbers in a column may not exactly equal the total figure for that column.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.

C&A	Coal & Allied Industries Limited
CO_2	Carbon dioxide
Company, Group, Shandong Energy Group, we, our and us	Shandong Energy Group Co., Ltd. (山東能源集團有限公司) (formerly known as Yankuang Group Company Limited (兗礦集團有限公司)), a wholly state-owned enterprise established in the PRC (unless context requires otherwise, including its subsidiaries)
Former Shandong Energy Group	former Shandong Energy Group Co., Ltd., which merged with Yankuang Group in November 2020 and completed the deregistration procedures in April 2021.
GDP	gross domestic product
Gloucester	Gloucester Coal Ltd., a company incorporated in Australia, which focuses on the exploration, mining and sale of coal in Australia
Guarantor	Shandong Energy Group Co., Ltd. (山東能源集團有限公司), a wholly state-owned enterprise established in the PRC
Hong Kong or HK	the Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Issuer	Yankuang Group (Cayman) Limited, an exempted company incorporated in the Cayman Islands with limited liability, which is a wholly owned subsidiary of the Guarantor
m^2	square metre
MEM	Ministry of Emergency Management of the PRC
MNR	Ministry of Natural Resources of the PRC
MOHURD	Ministry of Housing and Urban-Rural Development of the PRC
Mt	million tonnes
mtoe	million tonnes oil equivalent
mtpa	million tonnes per annum
NBS	the National Bureau of Statistics of the PRC
NDRC	National Development and Reform Commission of the PRC
NEA	National Energy Administration of the PRC

OECD	Organization for Economic Co-operation and Development
PBOC	the People's Bank of China, the central bank of the PRC
provinces	provinces and to provincial-level autonomous regions and municipalities in China which are directly under the supervision of the central PRC government
SACMS	State Administration of Coal Mine Safety
SAFE	the State Administration of Foreign Exchange of the PRC
sanctions laws	any economic or financial sanctions or trade embargoes related to, issued, administered or enforced by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, Her Majesty's Treasury, the European Union or any member country of the European Union, the United Nations Security Council or any other governmental entity or sanctions authority
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
SAT	State Administration of Taxation of the PRC
SAWS	former State Administration of Work Safety of the PRC, which has been abolished and the main function department has been merged into MEM
SFEC	Shaanxi Future Energy Chemical Company Limited (陝西未來能源化工有限公司), a limited liability company incorporated under the laws of the PRC, which is a subsidiary of the Guarantor
Shandong Caixin	Shandong Caixin Asset Management Co., Ltd (山東省財欣資產運營有限公司), a limited liability company incorporated under the laws of the PRC, which is a wholly-owned subsidiary of Shandong a limited liability company incorporated under the laws of the PRC, which is a wholly-owned subsidiary of Shandong Provincial Department of Finance
Shandong Guohui	Shandong Guohui Investment Co., Ltd. (山東國惠投資有限公司), a limited liability company incorporated under the laws of the PRC, which is a wholly-owned subsidiary of Shandong SASAC
Shandong SASAC	State-owned Assets Supervision and Administration Commission of the People's Government of Shandong Province
Shandong SSF	Provincial Council for Social Security Fund of the Shandong Province
SOE	State-owned enterprise
State Council	State Council of the PRC

Yancoal Australia	Yancoal Australia Limited (Stock Code: 3668.HK, YAL.ASX), a company with limited liability incorporated under the laws of Australia in 2004, the shares of Yancoal Australia are traded on the Australian Securities Exchange and the Hong Kong Stock Exchange
Yancoal International.....	Yancoal International (Holding) Company Limited, a company with limited liability incorporated under the laws of Hong Kong in 2011
Yankuang Group	Yankuang Group Company Limited, which merged with Former Shandong Energy Group in November 2020 and renamed as Shandong Energy Group in April 2021.
Yanzhou Coal	Yanzhou Coal Mining Company Limited (兗州煤業股份有限公司) (Stock Code: 600188.SH,1171.HK, YZCAY.OO), a joint stock limited company incorporated under the laws of the PRC in 1997, which is a subsidiary of the Guarantor and the H Shares and A Shares of which are traded on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
Zhongxingcai	Zhongxingcai Guanghua Certified Public Accountants LLP (Special General Partnership) Jinan Branch, which are Certified Public Accountants of the Chinese Institute of Certified Public Accountants and the independent auditor of the Guarantor
%	per cent.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the "PRC" and "China" are to the People's Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan); all references to the "United States" and "U.S." are to the United States of America; all references to "PRC Government" are to the people's government of the PRC; all references to "Hong Kong" are to the Hong Kong Special Administrative Region of the People's Republic of China; all references to "Renminbi" and "RMB" are to the lawful currency of the PRC; and all references to "USD", "U.S.$" and "U.S. dollars" are to the lawful currency of the United States of America. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

This Offering Circular contains translation of certain Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise specified, where financial information in relation to the Issuer has been translated into U.S. dollars, it has been so translated, for convenience only, at the rate of RMB6.4566 to U.S.$1.00 (being the noon buying rate in New York City on 30 June 2021 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York). Further information regarding exchange rate is set forth in "*Exchange Rates*" in this Offering Circular. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all.

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding. References to information in billions of units are to the equivalent of a thousand million units.

FORWARD-LOOKING STATEMENTS

The Issuer has made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms, such as "anticipate", "target", "believe", "can", "would", "could", "estimate", "expect", "aim", "intend", "may", "plan", "will", or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, operating income and profitability, planned projects and other matters as they relate to the Issuer, the Guarantor and/or the Group discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer or by any third party) involve known and unknown risks, including those disclosed under the caption "*Risk Factors*", uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as of the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group's expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause the actual results, performances and achievements of the Issuer, the Guarantor, the Group or any member of the Group to be materially different include, among others:

- the Group's ability to successfully implement its business plans and strategies;
- various business opportunities that the Group may pursue;
- financial condition, performance and business prospects of the Group;
- the Group's capital expenditure plans and its ability to carry out those plans;
- access and cost of capital and financing;
- changes in the competition landscape in the industries where the Group operates;
- any changes in the laws, rules and regulations of the PRC Government and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group's business;
- general political and economic conditions, including those related to the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- macroeconomic measures taken by the PRC Government to manage economic growth;
- changes in the global economic conditions and material changes in the global coal mining industry; and
- other factors, including those discussed in "Risk Factors".

The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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SUMMARY

The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including the section entitled "Risk Factors", before making an investment decision.

Overview

We are a leading enterprise in China mainly engaged in coal, trading and high-end coal chemical businesses. In terms of total coal production in 2020, we ranked the 3rd among all coal enterprises in China and the 1st among coal enterprises in Shandong Province. Located in east China, a region of strong economic development and coal consumption, we were selected by the PRC government as one of the first hundred pilot enterprises for the establishment of modern enterprise systems and one of the 120 pilot enterprises for the formation of large-scale enterprise groups. We were among the first large-scale State-owned group companies in the PRC coal industry to establish a modern enterprise system. We are also one of the largest SOEs in Shandong Province in terms of the scale of state-owned assets. We ranked 1st among province-administered enterprises in Shandong Province in terms of coal production and operating revenue in 2020 and ranked 2nd in terms of our total assets in 2020. We are wholly owned by the Shandong government via Shandong SASAC, Shandong Guohui and Shandong Caixin. In August 2021, we ranked the 70th among the Fortune Global 500 based on our revenue in 2020.

We believe we lead the Chinese coal industry in terms of a number of key performance indicators such as production scale, production efficiency and economic return. In 2010 and 2011, we were recognised as a National Innovation Enterprise by Ministry of Science and Technology of the PRC, SASAC and All-China Federation of Trade Unions jointly. We were also listed as one of the most influential enterprises in China by Chinese Enterprises Development Forum. In addition, Yanzhou Coal was awarded Global Performance Excellence Award in 2015 and China Listed Company Taurus Foundation Evergreen Award in 2018, ranked the 42nd among 2020 Top 250 Global Energy Company and ranked the 53rd among the Fortune 500 Chinese Enterprises in 2020.

As one of the largest coal producers and exporters in China, we are focused on the core business of coal industry chain, high-end chemical, modern logistics and engineering technology and continue to develop other industries to improve income diversification. At the same time, we are increasing our investment in coal chemical business under our strategy of "focusing on development of both coal and non-coal business". We have established superior geographical diversification with "Four Bases", namely Shandong (headquarter), Shaanxi-Inner Mongolia, Australia and Shanghai, with 13.533 billion tonnes of coal recoverable reserves in China and 1.088 billion tonnes of coal recoverable reserves in Australia and other countries as of 30 June 2021. Currently, our coal chemical business has also reached a relatively large scale, enabling our business operations to extend over an industry chain centred around coal business and reaching across different industries, regions, countries and both state and private ownerships. With our subsidiaries Yanzhou Coal listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange and Yancoal Australia listed on the Australian Securities Exchange and the Hong Kong Stock Exchange, we are the first Chinese coal company to successfully establish public listing platforms both domestically and overseas. Further, we hold 38.25% interest in Windsun Science Technology Co., Ltd., 16.71% interest in Yunding Technology Co., Ltd. and 52.74% interest in Shandong Fiberglass Group Co., Ltd., all of which are listed companies in China.

Our businesses mainly include the following:

Coal mining: coal mining is the key and fundamental business of our Group, and also is the main source of profit for our Group. We seize the market opportunities in the coal industry, revolve around the government's strategic development plan, rely on leading coal mining technologies, and develop coal resources outside the Shandong Province and overseas. We possess superior and diversified profile of coal resources globally and build safe, green, intelligent and efficient model mines.

Coal power: coal power is one of the key businesses of the Group and the development and construction of integrated coal power projects will give full play to the synergistic effect between coal and power. Guided by the national power industry policy, we firmly seize the opportunities of policies of West-to-East Power Transmission and External Power Transmission to Shandong.

Modern logistics and trading: focusing on "coal, coke, steel construction", oil and gas, chemical products, and non-ferrous metals, we establish an enhanced commodity supply chain and a digital supply chain platform, build an international energy trading center, improve the logistics service system, strengthen financial empowerment, and achieve the integrated development between production and trading, marketing and trading, logistics and trading and finance and trading.

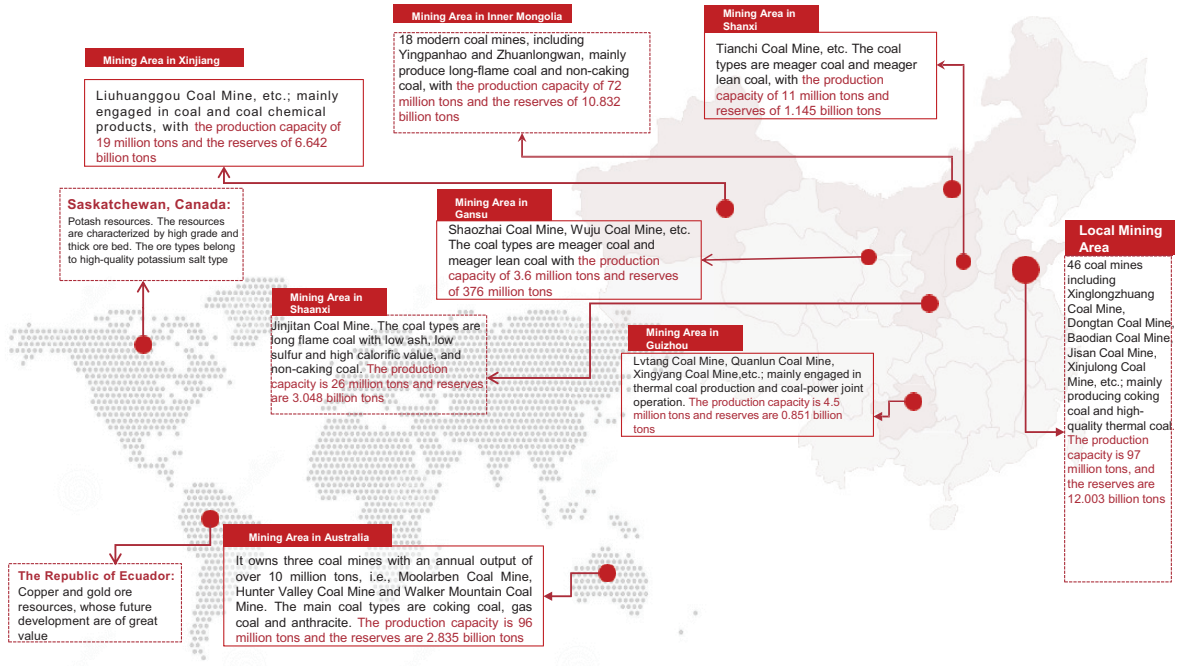
Our other businesses include the following:

Coal chemical: coal chemical business is a technology and capital intensive business converting coal into gas, liquid and solid fuels and chemicals through chemical processing. Underpinned by coal gasification and liquefaction technologies, we have formed a development model featuring "coal-power-oil-chemical co-production and upstream-downstream integration".

High-end equipment manufacturing: We regard smart equipment and smart services as the target, high-end, intelligence, high-quality and integration as the main direction, establish an integrated model of equipment manufacturing, remanufacturing and service. We strengthen strategic cooperation and deeply integrate new technologies through reshaping the product system and form a comprehensive solution for smart mines, striving to develop into an international advanced, domestic first-class comprehensive service provider for complete sets of equipment.

New energy and new materials: we accelerate the construction of photovoltaic, wind power, hydrogen energy and other energy production and supply systems to provide the province with high-quality, clean, efficient, green and economic energy products and services. We also coordinate energy production and supply systems, transportation and distribution systems and emergency management systems within the province and strive to become the main channel of energy supply, main engine of energy innovation and main force to ensure energy security.

We have achieved significant global presence and positioning through overseas acquisitions. The following map shows the locations of our businesses both within China and globally:



For the years ended 31 December 2019 and 2020 and six months ended 30 June 2021, our total operating income was RMB607.1 billion, RMB675.2 billion and RMB398.2 billion, respectively, and our net profit was RMB16.8 million, RMB11.2 billion and RMB5.6 million, respectively.

Our main businesses are coal business and trading business and our other business mainly includes coal chemical business. The following table sets out our total operating income by business segment, and percentage contribution to our operating income, for the periods indicated:

	Year ended 31 December				Six months ended 30 June 2021	
	2019		2020			
	RMB million	%	RMB million	%	RMB million	%
Coal	158,929	26.2	146,779	21.7	81,719	20.5
Trading	375,890	61.9	443,990	65.8	256,906	64.5
Others	72,245	11.9	84,471	12.5	59,613	15.0
Total	**607,064**	**100.0**	**675,240**	**100.0**	**398,238**	**100.0**

The following table sets out our total operating costs by business segment for the periods indicated:

	Year ended 31 December				Six months ended 30 June 2021	
	2019		2020			
	RMB million	%	RMB million	%	RMB million	%
Coal	100,533	19.0	102,779	16.8	58,617	16.2
Trade	374,566	70.8	442,625	72.5	256,500	70.9
Others	54,061	10.2	65,337	10.7	46,488	12.9
Total	**529,159**	**100.0**	**610,742**	**100.0**	**361,605**	**100.0**

The following table sets out our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended 31 December				Six months ended 30 June 2021	
	2019		2020			
	RMB million	%	RMB million	%	RMB million	%
Coal	58,396	36.7	44,000	30.0	23,102	28.3
Trade	1,324	0.4	1,364	0.3	406	0.2
Others	18,184	25.2	19,133	22.7	13,125	22.0
Total	**77,905**	**12.8**	**64,498**	**9.6**	**36,633**	**9.2**

Our operating income contribution from trading business segment accounted for a large portion of our total operating income. However, trading segment contributed to a small portion of our net profit since the profit margin of trading business is relatively lower than that of the coal business and other business. In the past two years, the coal business has still remained the main source of gross profit.

Competitive Strengths

We benefit from the following strengths:

- We are a leading enterprise in Shandong Province with government credit as endorsement and have strong shareholders' background ensuring full-support from government.
- We are a leading coal company in China with significant global presence and abundant and superior resources.
- We integrate industry chain to create significant competitive advantages and enhance our profitability.
- We have strict risk-management system to build a high-quality and healthy ecosystem.
- We have cutting-edge technology to strengthen leading position and emphasise safety and environmental protection to promote green development.
- We enjoy strong financing support through diversified channels.
- We have excellent, experienced and insightful management team.

Business Strategies

Our vision is to become a leader in innovation-oriented development of Shandong's energy industries, a role model in deepening energy structure reform and the main force in promoting leapfrog development of emerging industries. We will also develop ourselves into a ballast stone in ensuring energy security, spearhead in old-to-new growth drivers shift, pillar of economic and social development and the role model in countdown SOE reform.

- Further enhance our integrated business model to diversify our operation and promote industrial transformation and upgrading;
- Facilitate our international development and continue to explore, evaluate and pursue future acquisition opportunities;
- Adhere to the principle of "Technology Promotes Industry" and improve technology innovation system;
- Intensify safety control system and improve information management system; and
- Improve energy conservation and environment protection system and develop energy-saving emerging industries.

Recent Development

Further financial information

Further consolidated financial information on our reviewed consolidated financial statements as of and for the six months ended 30 June 2021, which has not been audited, is included in "Description of the Group – Our Operations – Recent Development – Further financial information".

Recent Issued Bonds and Securities

The Group and its subsidiaries issue bonds and securities in the domestic and overseas markets from time to time. For details, please see "Description of the Group – Recent Development".

THE OFFERING

The following is a brief summary of the offering and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" and "Summary of Provisions Relating to the Bonds in Global Form" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see "Terms and Conditions of the Bonds" in this Offering Circular.

Issuer	Yankuang Group (Cayman) Limited.
Guarantor	Shandong Energy Group Co., Ltd. (山東能源集團有限公司).
The Bonds	U.S.$500,000,000 2.90 per cent. Guaranteed Bonds due 2024.
Guarantee	The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect are contained in the Deed of Guarantee.
Issue Price	The Bonds will be issued at 100.00 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Issue Date	30 November 2021.
Interest	The Bonds will bear interest on their outstanding principal amount from and including 30 November 2021, at the rate of 2.90 per cent. per annum, payable semi-annually in arrear on 30 May and 30 November in each year, commencing 30 May 2022.
Maturity Date	30 November 2024.
Status of the Bonds	The Bonds will constitute (subject to Conditions 4(a) to (d) of the Terms and Conditions) unsecured obligations of the Issuer which will at all times rank *pari passu* and without any preference among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such exceptions as may be provided by applicable legislation.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Conditions 4(a) to (d) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Limitation on Liens	The Bonds will contain a limitation of lien provision as further described in Condition 4(a) (*Limitation on Liens*) of the Terms and Conditions.

Use of Proceeds	The net proceeds of the issue of the Bonds will be used for general corporate purposes, including repayment of indebtedness and replenishment of working capital. See "*Use of Proceeds*".
Events of Default.....	The Bonds will contain certain events of default as further described in Condition 9 of the Terms and Conditions.
Cross-Acceleration	The Bonds are subject to a cross-acceleration provision in respect of a failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness of the Guarantor, the Issuer or any Subsidiary of the Guarantor, (ii) acceleration of the maturity of any Indebtedness of the Guarantor, the Issuer or any Subsidiary of the Guarantor following a default by the Guarantor, the Issuer, or such Subsidiary, if such Indebtedness is not discharged, or such acceleration is not annulled, or (iii) failure to pay any amount payable by the Guarantor, the Issuer or any Subsidiary of the Guarantor under any guarantee or indemnity in respect of any Indebtedness of any other Person if such obligation is not discharged or otherwise satisfied, provided that the aggregate outstanding indebtedness to which all events relate exceeds U.S.$50,000,000 or its equivalent. See Condition 9(c) (*Cross-Acceleration*) of the Terms and Conditions.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the PRC or the Cayman Islands or, in either case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer or as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 23 November 2021 (the "Applicable Rate"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required. In the event that the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding by or within the PRC in excess of the Applicable Rate, or by or within the Cayman Islands, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (the "Additional Tax Amounts") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in the circumstances set out in Condition 8 (*Taxation*) of the Terms and Conditions.

Final Redemption.....	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Taxation Reasons.....	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) and to the Trustee and the Principal Paying Agent in writing, at their principal amount, together with interest accrued up to but excluding the date fixed for redemption, if, immediately before giving such notice, the Issuer and/or the Guarantor satisfies the Trustee that: (A) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 23 November 2021; and (B) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts if a payment in respect of the Bonds (or the Guarantee, as the case may be) were then due, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.
Redemption for Change of Control.....	Following the occurrence of a Change of Control Event, the Bondholders will have the put right, at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. of their principal amount, together in each case with interest accrued up to but excluding the Change of Control Put Settlement Date (as defined in Condition 6(c) (*Redemption for Change of Control Event*), as further described in Condition 6(c) (*Redemption for Change of Control Event*) of the Terms and Conditions. "Change of Control Event" means the occurrence of one of more of the following events: (A) the Guarantor ceases to have Control (as defined in Condition 6(h) (*Definitions*) of the Terms and Conditions) of the Issuer; (B) the Controlling Person(s) as defined in Condition 6(h) (*Definitions*) of the Terms and Conditions) ceases to have Control of the Guarantor;

	(C) the Guarantor ceases to have Control of Yanzhou Coal Mining Company Limited; or (D) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any Person or Persons, acting together, unless (i) the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity or (ii) such Person(s) are Controlled by the Controlling Person(s).
Redemption for No Registration Event	Following the occurrence of a No Registration Event, the Bondholders will have the put right at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds at their principal amount, together in each case with interest accrued up to but excluding the No Registration Event Put Settlement Date (as defined in Condition 6(d) (*Redemption for No Registration Event*) of the Terms and Conditions), as further described in Condition 6(d) (*Redemption for No Registration Event*) of the Terms and Conditions.
Further Issues.....	The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions and the making of the Cross-Border Security Registration and the NDRC Post-Issuance Filing) so as to form a single series with the outstanding bonds of any series (including the Bonds), as further described in Condition 15 (*Further Issues*) of the Terms and Conditions.
Trustee	The Bank of New York Mellon, London Branch.
Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent.....	The Bank of New York Mellon SA/NV, Dublin Branch.
Clearing Systems.....	The Bonds will be represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement.....	The Bonds have been accepted for clearance through Euroclear and Clearstream with a Common Code 240782421 and an ISIN XS2407824213.

Legal Entity Identifier	The Issuer has obtained the Legal Entity Identifier with a Code 549300TM4QBVI14AXM65.
Notices and Payment.....	So long as the Global Certificate is held on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions.
Governing Law.....	English law.
Ratings.....	The Guarantor has been assigned a corporate rating of Ba1 with a stable outlook by Moody's Investors Services, Inc. ("Moody's") and a corporate rating of BB with a stable outlook by S&P Global Ratings ("S&P"). The Bonds are expected to be rated Ba1 by Moody's. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing.....	Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. Such permission is expected to become effective on or about 1 December 2021. A confirmation of the eligibility for the listing of the Bonds has been received from the Hong Kong Stock Exchange.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary of the consolidated financial information of the Guarantor as of and for the years ended 31 December 2019 and 2020 set forth below is derived from 2020 Pro Forma Financial Statements (which have been audited by Zhongxingcai, the independent auditor of the Guarantor) and should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements including notes, which are included in the F-pages of this Offering Circular.

In 2020 Pro Forma Financial Statements, certain retroactive adjustments have been made in respect of the presentation of certain historical line items as at and for the year ended 31 December 2019. For more details on these adjustments and restatements, please see Note V to the 2020 Pro Forma Financial Statements and the risk factor titled "Risk Factors – Risks Relating to the Group's Business – The financial information of the Group as at and for the years ended 31 December 2019 has been adjusted by Zhongxingcai in 2020 Pro Forma Financial Statements".

The summary of the consolidated financial information of the Guarantor as of and for the six months ended 30 June 2020 and 2021 set forth below is derived from 2021 Half-year Financial Statements (which have not been audited but have been reviewed by Zhongxingcai) and should be read in conjunction with, and is qualified in its entirety by reference to, the reviewed consolidated interim financial statements, which are included in the F-pages of this Offering Circular.

Historical results are not necessarily indicative of results that may be achieved in any future period. The Guarantor's audited and reviewed consolidated financial statements were prepared in accordance with the Accounting Standards for Business Enterprises in the PRC ("PRC GAAP"). PRC GAAP differs in certain material respects from International Financial Reporting Standards ("IFRS"). For a discussion of certain differences between PRC GAAP and IFRS, see "Description of Certain Differences between PRC GAAP and IFRS".

Data Summary of the Consolidated Income Statement

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(reviewed)	(reviewed)
Total operating income	**607,064,048**	**675,239,560**	**289,349,454**	**398,237,740**
Operating income	606,822,923	674,941,853	289,278,264	398,143,477
Operating costs	(529,158,682)	(610,742,383)	(260,431,924)	(361,604,756)
Expenses relating to handling fees and commission	(191)	(149)	(36)	(44)
Business taxes and surcharges	(7,783,294)	(8,234,353)	(3,554,822)	(4,206,853)
Sales expenses	(10,192,825)	(9,605,212)	(4,642,719)	(4,733,503)
Administrative expenses	(18,801,677)	(19,286,409)	(8,370,493)	(9,987,846)
Research and development expenses	(2,910,037)	(3,352,567)	(1,084,865)	(1,477,074)
Financial expenses	(11,749,103)	(10,539,037)	(5,788,331)	(6,064,593)
Assets impairment loss	(4,806,066)	(2,056,478)	(67,880)	(201,724)
Credit impairment loss	(288,607)	16,415	4,540	(56,885)
Gains (losses) from changes in fair value	805,502	585,360	71,898	45,365
Other income	1,190,521	2,004,198	283,296	238,989
Income from assets disposal	13,465	74,145	24,072	51,497
Investment income (losses)	3,338,473	9,559,941	2,924,247	722,029
Net exposure to hedging gains (losses)	(917,592)	(886,499)	(420,424)	(251,246)
Business profit (losses)	**25,803,934**	**22,776,531**	**8,296,012**	**10,711,099**
Non-operating income	2,118,274	3,223,037	747,080	632,476
Non-operating expenditure	(2,140,618)	(8,992,422)	(653,558)	(793,255)
Total profit	**25,781,590**	**17,007,146**	**8,389,534**	**10,550,319**
Income tax expenses	(8,936,871)	(5,828,480)	(3,738,543)	(4,998,364)
Net profit	**16,844,719**	**11,178,666**	**4,650,991**	**5,551,956**

Data Summary of the Consolidated Statement of Financial Position

	As of 31 December		As of 30 June
	2019	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(reviewed)
ASSETS			
Current assets			
Monetary capital	60,697,534	61,824,464	69,047,545
Settlement provisions	10,000	47,886	26,082
Trading financial assets	1,988,125	2,055,675	5,311,870
Financial assets at fair value through profit or loss	4,746,621	3,846,227	–
Derivative assets	752	10,381	–
Notes receivables	15,569,361	11,872,187	11,007,778
Accounts receivable	13,504,637	15,232,908	16,966,580
Receivables financing	3,157,619	3,688,674	4,373,825
Advanced payment	12,149,228	16,808,410	27,229,391
Reinsurance contract receivable	41,860	7,093	168,200
Reinsurance contract reserve receivable	1,428,570	2,216,403	2,823,283
Other receivables	34,105,056	31,799,818	28,647,541
Redemptory monetary capital for sale	100,000	507,950	100,000
Inventories	56,775,806	67,863,417	69,952,039
Contract assets	–	21,362	3,244,166
Assets classified as held for sale	217,644	8,578	8,394
Non-current assets due in 1 year	1,495,229	1,971,226	1,506,742
Other current assets	10,747,082	11,929,025	8,476,686
Total current assets	**216,735,126**	**231,711,683**	**248,890,120**
Non-current assets			
Debt investment	69,357	71,231	1,965,469
Available-for-sale financial assets	13,296,667	14,396,871	–
Held-to-maturity investments	2,438,722	1,894,616	–
Long-term receivables	8,110,082	4,350,345	4,601,128
Long-term equity investments	22,541,338	30,636,910	32,601,291
Investment in other equity instruments	337,774	370,227	9,893,625
Other non-current financial assets	1,174,648	1,457,148	6,378,344
Investment properties	2,130,210	3,612,894	3,609,362
Net fixed assets	163,614,111	168,523,934	170,248,184
Construction in progress	62,959,029	67,266,210	65,870,700
Productive biological assets	977	536	316
Right-of-use asset	406,528	1,750,230	1,615,277
Intangible assets	111,839,440	119,422,667	118,255,424
Development expenditure	59,858	39,774	26,617
Goodwill	1,160,081	1,274,432	1,265,480
Long-term deferred expenses	7,733,652	7,933,518	8,486,359
Deferred income tax assets	7,288,394	7,274,819	7,346,283
Other non-current assets	6,230,143	23,114,669	23,127,332
Total non-current assets	**411,390,920**	**453,391,031**	**455,291,191**
Total Assets	**628,126,046**	**685,102,714**	**704,181,312**

	As of 31 December		As of 30 June
	2019	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(reviewed)
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowing	57,039,170	74,718,980	75,194,142
Trading financial liabilities	150,202	411,975	311,443
Financial liabilities at fair value through profit and loss	49,970	–	–
Derivative financial liabilities	3,732	–	–
Notes payable	30,074,625	31,241,942	35,483,745
Accounts payable	36,283,799	36,367,007	35,901,867
Financial assets sold for repurchase	58,800	48,500	57,000
Customer brokerage deposit	–	14,464	–
Contractual Liabilities	3,809,282	7,020,968	28,247,689
Advances received	15,087,928	15,195,552	–
Salaries payable	7,440,929	6,471,729	5,967,981
Taxes and dues payable	4,630,104	4,755,310	4,130,880
Other payables	31,377,946	28,941,571	27,770,336
Liabilities classified as held for sale	–	–	–
Non-current liabilities due in 1 year	51,202,163	38,852,777	31,716,266
Other current liabilities	10,274,291	5,063,917	7,961,103
Total current liabilities	**247,482,939**	**249,104,692**	**252,742,448**
Non-current liabilities			
Long-term borrowings	90,458,012	105,132,053	115,531,420
Bonds payable	60,278,032	79,816,212	78,552,168
Lease liabilities	328,072	1,134,000	1,022,179
Long-term payables	10,398,676	8,757,837	8,361,835
Long-term salaries payable	942,706	995,422	1,002,162
Estimated liabilities	2,750,638	4,079,379	4,368,320
Deferred income	1,497,163	1,399,794	1,326,774
Deferred income tax liabilities	4,063,476	7,968,906	7,424,053
Other non-current liabilities	1,178,847	463,736	1,189,586
Total non-current liabilities	**171,895,623**	**209,747,339**	**218,778,496**
Total Liabilities	**419,378,562**	**458,852,030**	**471,520,944**
Equity			
Total owner's equity attributable to the parent company	103,439,544	112,368,339	114,808,890
Minority shareholder's equity	105,307,940	113,882,344	117,851,478
Total Owner's Equity	**208,747,484**	**226,250,683**	**232,660,368**
Total Liabilities and Owner's Equity	**628,126,046**	**685,102,714**	**704,181,312**

Data Summary of the Consolidated Statement of Cash Flows

	Year ended 31 December		Six months ended 30 June	
	2019	2020	2020	2021
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited)	(reviewed)	(reviewed)
Net cash flow (used in)/ generated from operating activities	32,457,349	31,288,445	11,562,242	14,928,670
Net cash flow (used in)/ generated from investment activities	(30,516,098)	(23,514,336)	(5,589,708)	(8,876,781)
Net cash flow generated from/ (used in) fundraising activities	(17,340,322)	(9,205,251)	16,807,271	649,472
Effect of changes in exchange rate on cash and cash equivalents	(70,371)	(96,745)	151,438	(119,165)
Net increase/(decrease) in cash and cash equivalents	(15,469,441)	(1,527,886)	22,931,243	6,582,195
Ending balance of cash and cash equivalents	41,701,638	40,173,751	64,632,881	46,755,946

Onshore and offshore cash and debt balances for the Group

As of 30 June 2021, the total cash of the Group was RMB69.0 billion, of which onshore cash accounted for 88.7% and offshore cash accounted for 11.3%.

As of 30 June 2021, the total debt of the Group was RMB320.3 billion, of which onshore debt accounted for 91.0% and offshore total debt accounted for 9.1%.

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the value of Bonds. Some risks may be unknown to the Issuer and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Issuer and the Group or the value of the Bonds. The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer on information currently available to them or which they are currently unable to anticipate. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

The Issuer does not represent that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Risks Relating to Our Business

We are subject to macro economy cyclical fluctuations.

The coal industry depends on general economic conditions, including the conditions of global and local economies. A slowdown in the growth of the PRC economy, other unfavourable macroeconomic development trends in China, Australia and other parts of the world could materially and adversely affect the demand and pricing of coal. Compared to other industries, the coal industry has a higher sensitivity to the economic cycle. Changes of economic cycle will directly result in energy demand changes for national economy activities, and thus lead to changes of our income from the coal products and the cash flow from the operation activities. This makes us subject to risks associated with macro economy cycle fluctuation.

In recent years, the PRC has been one of the fastest-growing economies in terms of GDP growth. However, the growth of the PRC economy has slowed down. For example, according to the International Monetary Fund, the PRC's GDP grew at 6.1% in 2019 while 2.1% in 2020. Moreover, the global economy may continue to experience uneven development going forward, which may have a negative impact on the Chinese economy. If economic growth slows down significantly or economic conditions deteriorate, our business, financial condition and results of operations may be materially and adversely affected. Since our main business is closely correlated with the macro economy environment, if the PRC economic growth rate continues to slow down in the future, the demand for coal, coke and coal chemical products may further decrease, which may in turn have a material adverse effect on our business, results of operations and financial condition.

We face fluctuations in the prices of our products in domestic and international coal markets.

Coal sales accounted for a significant portion of our operating income, and we expect our coal sales to continue to account for a substantial portion of our operating income. As we derive a substantial portion of our operating income from sales of coal and coal-related products, our business and operating results depend heavily upon supply and demand for coal and coal-related products in the domestic and international coal markets. Accordingly, we are vulnerable to downturns in the demand for coal, increases in supply of coal through new or expanded coal production and declines in coal prices.

Affected by multiple factors such as global economic slowdown, concentrated release of increased coal production capacity and downstream demand slowdown, the average selling price of coal, our main product, fell from RMB513.2/tonne in 2019 to RMB429.5/tonne in 2020. Currently, the coal price is still experiencing high-priced volatility. If the price of coal decreases for an extended period of time again, this may have a material adverse effect on our business, results of operations and financial condition.

Global coal demand correlates strongly with the global economy and the performance of coal-consuming industries, including the power generation, chemical, metallurgy and construction materials industries. In addition, the availability and prices of alternative energy sources to coal, as well as international shipping costs, also affect coal demand. Coal supply is primarily affected by the geographic location of coal reserves, transportation capacity, the level of domestic and international coal supplies and the type, quality and price of coal from various producers. Negative development trends in the international coal market may adversely affect our overseas sales, especially given the expansion of our Australian operations including the completion of the acquisition of C&A in September 2017. A significant increase in global coal supply or reduction in demand for coal from key consuming industries may decrease coal prices, which in turn may reduce our profitability and adversely affect our business, results of operations and financial condition as well as our ability to pay principal and interest on the Bonds.

Competition in the PRC and the international coal industry is intensifying, and we may not be able to maintain our competitiveness.

We face competition in all aspects of our business, including pricing, production capacity, coal quality and specifications, transportation capacity, cost structure and brand recognition. Our coal business competes in the domestic and international markets with other large domestic and international coal producers. The ongoing consolidation in the PRC and Australian coal industry has increased the level of competition we face in our core business. Our competitors may have higher production capacities, stronger brand names and more financial, marketing, distribution and other resources than we do. We may not be able to maintain our competitiveness if changes or developments in the market weaken our existing competitive advantages. Efforts taken by our competitors to improve the quality of their coal may erode any quality advantage we have over them.

Continual improvements in China's transportation infrastructure, particularly the national railway transportation network, may reduce our proximity advantage of being located in Eastern China, the region with the highest coal demand in the PRC. Our principal competitors are located predominately in Shanxi Province, Shaanxi Province and the Inner Mongolia Autonomous Region, where there have been occasional rail capacity shortages and the average costs of transporting coal to Eastern China are higher. However, the PRC government has constructed and plans to continue constructing additional railways to transport coal from north China and northwest China to east China. The improvement and completion of transportation infrastructure, including these railway projects, may increase the supply of coal to customers in east China, which may have a material adverse impact on our business, results of operations and financial condition.

In addition, we face intense competition in Australia, particularly with respect to port and railway network access. As the majority of Australia's coal is exported overseas, the ability to expand and guarantee port and railway network access is a critical factor for competing successfully in the Australia coal industry. In the past, we have taken action to expand and guarantee port and railway access to secure enough transportation capacity. However, we may not be able to expand and secure sufficient port and railway access and capacity in the future.

We may suffer loss and operational disruption or stoppage in the case of safety accidents.

Our coal mines and operating facilities may be damaged by water, gas, fire or cave-ins due to unstable geological structures. In addition, operations at our mining sites involve the operation of heavy machinery and explosives. Like other coal mining companies, we have experienced accidents that have resulted in property damage and personal injuries and casualties. For instance, multiple coal bursts and other incidents have occurred at the Austar mine, which is managed by Yancoal Australia, in 2016 and the first half of 2018. The safety accidents have resulted in property and site damage, fatalities, production shutdowns, increased expenses and consequent loss of revenue from the Austar mine. Although we have

implemented safety measures at our mining sites, trained our employees on occupational safety and maintain liability insurance for personal injuries as well as limited property damage for certain of our operations, safety incidents may occur. Any significant accident, business disruption or safety incident could harm our reputation, result in substantial uninsured costs and the diversion of our resources, which could materially and adversely affect our business, results of operations and financial condition.

Our insurance will not cover all the potential risks associated with our operations.

Our business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, changes in regulatory environment and natural phenomena such as inclement weather conditions, floods, earthquakes and fires. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to our properties or properties of others, delays in development or mining, monetary losses and possible legal liability. Customary to what we believe to be industry practice, we have maintained insurance to protect against certain risks in such amounts we consider to be reasonable. However, our insurance may not cover all potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums and may not be able to pass on any increased costs relating to insurance to our customers. If such costs exceed the levels which we expect, there could be a material adverse effect on our business, results of operations and financial condition.

Our operational costs may increase significantly.

Our coal mining operations are affected by a number of geological factors, such as fault, coal quality, coal seam thickness and water burst. The coal seam spontaneous combustion period of a located mine is typically 3 to 6 months, the coal dust is explosive and the mine hydrogeological condition is moderate. The major production risks of mine are gas and coal dust explosion, coal seam spontaneous combustion and water inrush. In the mining area, the village and river under which there are amounts of coal reserves are difficult to relocate, and the relocation expenses are high. The coal seam with many faults is seriously threatened by water. The occurrence of unforeseen dangers may lead to increases in production cost.

Further, with the increasingly strict national supervision of coal safety production, major state owned enterprises will substantially increase investment in respect to the safety production. We may also need to continue to increase investment in coal safety production in the future, and our operation cost may continue to increase. In addition, the rising of raw materials price and employee compensation expenses will also increase our operational costs. We may not be able to pass cost increase to our customers in a timely manner, or at all. The rising of the operational costs may have a material adverse effect on our business, results of operations and financial condition.

The downstream demand for coal may decrease.

The demand for coal from sectors such as electric power, iron and steel, construction materials and chemical industry directly affects our business performance. Since 2009, the aforesaid four industries, which account for the majority of the total coal consumption, have suffered significant impacts due to China's economy cyclical fluctuation and the global financial crisis. As a result, the growth rate of demand for coal is slowing down dramatically, and the coal price has declined, which affected our profitability. Although the downstream demand for coal has bounced back moderately since 2012, the market demand can still be unstable from time to time. The uncertainties in downstream demand volume may have a material adverse effect on our business, results of operations and financial condition.

We face risks associated with our sales contracts and letters of intent.

Sales of our coal produced in China are made primarily on the spot market or pursuant to letters of intent and to a lesser extent, pursuant to sales contracts. Sales of our coal produced in Australia are primarily made pursuant to sales contracts. Our domestic sales contracts generally have terms of one year and specify the price, quantity and quality of coal and delivery schedule of coal. Our Australian sales contracts generally have terms of one year and specify the quantity and quality of coal and delivery schedule of coal, while the purchase price is determined every month or quarter by our customer and us, subject to market conditions. As such, if we experience a weak coal pricing environment that results in a decline in coal

prices at the time of actual delivery, our revenue and profitability may be adversely affected. In addition, the renewal of sales contracts upon expiration of the term is not automatic but subject to mutual agreement between the relevant customer and us. If we are not able to maintain our sales contracts with our major customers on terms commercially acceptable to us or at all, our business, results of operations and financial condition may be adversely affected.

In addition, our letters of intent generally only specify the quantity and quality of coal and delivery schedule of coal, while the purchase price is determined on the basis of comparable prices in the spot market at the time of actual delivery. As a result, we are subject to market conditions at the time of actual delivery. Moreover, as letters of intent are not legally binding, customers entering into letters of intent with us are not obligated to purchase the agreed quantity of products, or any products at all. In addition, in accordance with industry practice, our customers do not enter into long-term contracts (those exceeding one year) with us. Therefore, we do not have long-term commitments from our customers to purchase our products, and our customers may reduce or stop purchasing products from us for various reasons such as decreases in demand for electricity and availability of similar products from our competitors. In addition, our lack of long-term contracts makes it difficult for us to make long-term business plans, which may also adversely affect our business, results of operations and financial condition.

We may suffer from major disruptions of transportation systems in the PRC and Australia and may fail to secure sufficient capacity on China's national railways to transport our coal products to target markets.

We rely primarily on highways and our own railway network, as well as the PRC national railway system, to deliver coal to customers in China. The remaining portion of our sales of coal products, which comprise the invoiced amount of coal sold, net of returns and discounts, are transported through ports and canals. With respect to domestic transportation on highways, our customers generally engage a transportation provider and will bear the costs and risks with respect to the transport of products. With respect to domestic transportation on the PRC national railway system, we generally enter into transportation agreements with the national railway authorities, with such transportation costs included in the invoices to be paid by our customers.

Coal resources and production in China are mainly located in north and northwest China, while coal consumption is primarily in east and south China. As a result, coal suppliers must transport coal via the PRC national railway system from major supply areas to major demand areas. Although the PRC government has taken steps to upgrade and expand the national railway system, its current capacity is not sufficient to meet the entire domestic coal transportation demand resulting from regional imbalances. Even though our domestic customers are mainly located in east China, where the railway system is more developed than other regions of China, our ability to deliver coal is still restricted by the transportation capacity. The future development of our mining assets in Inner Mongolia may therefore require us to build our own railway system, which may require us to incur substantial costs and time. In addition, constructing and expanding the capacity of our own railway is subject to various approvals and permits granted by the relevant PRC authorities which may not be forthcoming in a timely manner or at all, and the cost of operating our own railway network may increase.

In addition to railway transportation, we use major coal shipping ports along the coast of China to deliver coal to customers located along the coastal regions of China. However, we may not be able to continue securing sufficient railway or port capacity to deliver our coal and may experience material delivery delays or substantial increases in transportation costs as a result of insufficient railway capacity.

In Australia, we rely substantially on national and privately operated railway networks to deliver coal to ports in New South Wales and Queensland, for onward shipping to our customers. We generally enter into long-term transportation agreements with national and privately operated railway networks, rail haulage operators and ports to secure transportation capacity, generally on a "take or pay" basis. As the transportation capacity secured by these agreements is based on assumed production volume, we may not have sufficient capacity if our actual production volume exceeds our estimated production volume. Conversely, we may have excess transportation capacity (which, in the case of "take or pay" agreements, we will have to pay for even if unused) if our actual production volume is lower than our estimated production volume. In addition, we may not be able to continue securing sufficient transportation capacity

to deliver our coal in the future and may experience material delivery delays or substantial increases in transportation costs as a result of insufficient transportation capacity, which may also adversely affect our business, results of operations and financial condition.

The coal reserve data in this Offering Circular are only estimates, which may differ materially from actual reserve amounts.

Our coal reserve data are only estimates, which may differ materially from actual reserve amounts. Our reserve estimates may change substantially if new information becomes available. There are inherent uncertainties in estimating reserves, which require the consideration of a number of factors, assumptions and variables, many of which may be beyond our control and cannot be ascertained despite due investigation. In addition, reserve data for our PRC mines are typically estimated in accordance with Industry Guide 7 for proven and probable reserves, the JORC Code for reserves and PRC Standards for basic reserves. Reserve data for our Australian mines are typically estimated in accordance with the JORC Code. As the mining standards and mining terminology of the JORC Code and PRC Standards may differ substantially from Industry Guide 7, our reserve data may materially vary when we compile and present such data. As such, our actual results of operations may differ materially from our long-term business and operational projections, which are based on our coal reserve estimates. We may adjust our coal reserve estimates downward in the future, and in such event, our long-term production and the useful lives of our mines may be materially and adversely affected.

Our business, results of operations and financial condition depend in part on our ability to continue acquiring or developing suitable coal reserves.

The coal reserves in our existing mines decline as we produce coal. Due to limitations on our ability to significantly increase our production capacity at existing mines, the growth of our coal production depends on the coal reserves we developed recently or will develop in the future, as well as our newly acquired coal reserves and resources domestically and overseas.

The acquisition of new mines by PRC coal companies, either within China or overseas, and the procurement of related licenses and permits are subject to PRC government approvals. Delays in securing or failures to secure relevant PRC government approvals, licenses or permits, as well as any adverse change in government policies, may hinder our expansion plans, which may materially and adversely affect our future profitability and growth prospects. In connection with overseas acquisitions and expansion, we may encounter challenges due to our unfamiliarity with local laws and regulations, and may suffer foreign exchange losses on overseas investments or face political or regulatory obstacles to acquisitions. As a result of these challenges, overseas expansion plans and investments may not be successful and may not achieve their anticipated growth.

In addition, we may not be able to continue to identify suitable acquisition targets or acquire these targets on competitive terms, at an acceptable cost or in a timely manner. We may not be able to successfully develop new coal mines or expand our existing ones in accordance with our development plans, or at all. Failure to acquire suitable targets on competitive terms, develop new coal mines or expand our existing coal mines could have an adverse effect on our competitiveness and growth prospects.

Moreover, the acquisition of new mines or the grant of mining leases in Australia are subject to approval under Australia's foreign acquisition legislation and policy, including the Foreign Acquisitions and Takeovers Act 1975 (Cth), which is administered by the Treasurer acting through the Foreign Investment Review Board. Such foreign investment approvals may be granted subject to conditions imposed by the Treasurer, including conditions requiring the divestment or sell down of existing interests in Australian mines. This foreign investment regime subjects us to additional risks and uncertainties, and may adversely impact our ongoing and potential expansion plans in Australia.

We may experience difficulty integrating our acquisitions, which could result in a material adverse effect on our business, results of operations and financial condition.

We may from time to time expand our business through acquisitions of other coal mining companies, assets or other coal or mining-related businesses. We are devoting significant resources to the integration of our operations in order to achieve the anticipated synergies and benefits of the acquisitions and expansions.

Acquisitions and expansions involve uncertainties and a number of risks, including:

- difficulty in integrating the assets, operations and technology of the acquired companies or assets, including their employees, corporate cultures, managerial systems, processes and procedures and management information systems and services;
- complying with the laws, regulations and policies applicable to the acquired businesses;
- failure to achieve the objectives or benefits, or to generate sufficient revenue to recover the costs and expenses, resulting from the acquisition and integration of such companies or assets;
- managing relationships with employees, customers and business partners during the course of integrating new businesses;
- attracting, training and motivating members of our management and workforce;
- accessing our capital resources and internally generated funds to fund acquisitions, which may divert financial resources otherwise available for other purposes;
- strengthening our operational, financial and management controls, particularly those of our newly acquired assets and subsidiaries, to maintain the reliability of our reporting processes;
- difficulty in exercising control and supervision over the newly acquired operations, including failure to implement and communicate our safety management procedures resulting in additional safety hazards and risks; and
- potential ongoing financial obligations and unforeseen or hidden liabilities of the acquired companies or coal or potash-related businesses.

We may have difficulties assimilating the operations and products of newly acquired companies or businesses. We may also require additional funding for acquisitions and our inability to borrow additional amounts or refinance the existing debt associated with the acquired entities could adversely affect our business, results of operations and financial condition.

In addition, the continued integration of our acquisitions into our Company depends significantly on integrating other acquired employee groups with our employee groups and on maintaining productive employee relations. We may face possible difficulties in the management of overseas personnel and business operations including a potential increase in labour costs due to our overseas expansion and lack of experience in the local business environment.

In the event that we are unable efficiently and effectively to integrate newly acquired companies or coal or potash related businesses into our Company for whatever reason, we may be unable to achieve the objectives or anticipated benefits of such acquisitions, and such acquisitions may adversely impact our business, results of operations and financial condition. In addition, we may have to write down the carrying value of the intangible assets associated with any acquired companies, which could adversely affect our earnings.

We may be required to allocate additional funds for land subsidence, restoration, rehabilitation and environmental protection.

Underground and surface mining may cause the land above mining sites to subside and otherwise adversely affect the environment. We may compensate inhabitants in areas surrounding our mining sites for their relocation expenses or for any property loss or damage as a result of our mining activities. PRC regulations require us to set aside provisions to cover the costs associated with land subsidence, restoration, rehabilitation and environmental protection. An estimated provision is deducted as a cost and expense item in our income statement based on the amount of coal actually extracted. In addition, under the relevant Australian environmental regulations, rehabilitation costs are generally estimated in accordance with the expected costs of land rehabilitation. These land rehabilitation costs may exceed current estimates. Environmental legislation may also change, which could result in mandated modifications to mining operations that are costly.

As of 31 December 2020, we recorded payables for land subsidence, rehabilitation, readjustment and environment protection of RMB3.4 billion. The provisions that we make are only estimates and may be adjusted to reflect the actual effects of our mining activities on the land above and surrounding our mining sites. Therefore, such estimates may not be accurate and land subsidence, restoration, rehabilitation and environmental costs may substantially increase in the future. Moreover, governments may impose new fees or change the basis of calculating compensation and reclamation costs in respect of land subsidence, the occurrence of any of which could increase our costs and have a material adverse effect on our business, results of operations and financial condition.

We may not successfully diversify our operations or successfully manage our operations in new markets.

One of our business strategies is to diversify our operations. In addition to our core business of coal, we have been engaged in other operations, including coal chemical, rail transportation, methanol and electricity and heat generation. We also expanded into the potash business by acquiring the mining and exploration rights to potash resources in Canada in September 2011. Moreover, through Yancoal Australia, we conduct mining operations in Australia, and intend to further develop our operations there. However, we may not be able to successfully expand our product portfolio to include new products, such as potash, or to successfully manage our operations in new markets, such as Australia and Canada, with which we do not have significant operating experience, and as a result our competitiveness may be materially affected. In addition, our expansion into new markets includes various risks that are beyond our control. See "– We may experience difficulty integrating our acquisitions." As such, any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

We may not be successful in our transition from the production of electrolytic aluminium to the production of aluminium extrusion profiles.

In 2016, we closed down an electrolytic aluminium factory of Shandong Yankuang Keao Aluminium Limited with an annual production capacity of 140,000 tonnes, aiming at phasing out low-end products and concentrating on producing large high-end aluminium extrusion profile. We are still developing our high-end extrusion profiles and trying to grow this sector as another profit generator to our Group.

Further, large high-end extrusion profiles products are usually highly customised. Production of such products comprises three steps: development and testing, casting of moulds and actual production. The step of casting of moulds alone may take about three to six months, depending on the type of product and specifications. The products need to undergo several rounds of testing, so the earlier stage work cycle can take up considerable time. For these reasons, the reachability of design capacity of our aluminium extrusion profiles production is quite low. There is no assurance that we will be successful in our transition from electrolytic aluminium to aluminium extrusion profiles. A failure in such transition may lead to low returns on our investments, loss of investment and may force us to change our strategy, which may in turn have a material adverse effect on our business, results of operations and financial condition.

Our coal chemical business may be affected by fluctuations in crude oil price, strong competition and industry over-capacity.

The price of main products of our coal chemical business is largely affected by the price of crude oil, which is in turn affected by many factors beyond our control. Historically, the price of crude oil has experienced significant fluctuations. In the event of a significant decrease in the price of crude oil, we may not be able to pass the increase in our costs to our coal chemical product customers adequately, or at all.

In recent years, investors maintained a strong interest in coal chemical projects. There are a large number of coal chemical projects in China at the planning stage. With a large number of coal chemical projects being planned and constructed, the issue of excess capacity in coal chemical will become increasingly serious. As a result, our coal chemical business not only faces fierce market competition, but also may be affected by the PRC government's policy on the regulation of industry capacity.

Our interest may be harmed in connected transaction with unfavourable terms.

We, as a large-scale enterprise group engaged in many industries, have a large number of connected persons. We conduct certain transactions with connected persons at arm's length. If we conduct material connected transactions on terms less favourable to us than the market or if there is any significant misappropriation of our funds or other irregularities, this may have a material adverse effect on our business, results of operations and financial condition.

Exploration of mineral properties and development of resources could involve significant uncertainties.

Exploration of mineral properties is speculative in nature. The success of any mining exploration programme depends on various factors including, among other things, whether mineral bodies can be located and whether the locations of mineral bodies are economically viable to mine. As a result, we cannot assure you that any of our exploration activities will result in the discovery of valuable resources or reserves, or that reported resources can be converted into reserves in the future.

The development of these resources could face significant uncertainties. It can take several years and require capital expenditures from the initial exploration phase until production commences, during which time market fundamentals, capital costs and economic feasibility may change, and the actual results may differ from those anticipated by third-party independent technical studies. Furthermore, there are a number of uncertainties inherent in the development and expansion of mining operations, including: (i) the availability and timing of necessary governmental permits, licenses and approvals; (ii) the timing and cost necessary to construct mining and processing facilities; (iii) the availability and cost of labour, utilities, and supplies; (iv) the accessibility of transportation and other infrastructure; and (v) the availability of funds to finance construction and production activities.

We currently have exploration projects in Australia and we may have additional exploration projects in the PRC, Canada and other countries and regions in the future. Exploration projects are subject to extensive environmental, health and safety laws and regulations. These laws and regulations set various standards regulating certain aspects of environmental quality and public and employee health and safety, including emissions, waste management and obligations to rehabilitate current and former facilities and locations where mining operations are or were conducted. We must undergo inspections by relevant government environmental authorities and obtain various environmental permits, licenses and approvals related to our mining operations. Any violation of these laws could lead to penalties and liabilities including a loss of our exploration permits or the imposition of costly compliance procedures. It is also uncertain whether the requisite approvals will be granted. In Australia, the ability to commence mining operations will depend, among other things, on the grant of appropriate mining tenure, approvals, land access and coordination agreements where petroleum tenements (including coal seam gas) are situated nearby.

We may fail to effectively manage our subsidiaries and investments.

We hold equity interests in a large number of enterprises engaged in a wide range of industries. Some of such interests are controlling interests and others minority interests. As of 30 June 2021, we had a total of 551 subsidiaries engaged in industries such as coal, trading, coal chemical and aluminium extrusion profiles. We also hold minority interests in companies engaged in businesses such as real estate, securities and transportation.

As we invest in more companies and expand into more industries, we constantly need to improve our decision-making, financial management ability, capital operation ability and investment risk control ability. With the expansion of our management radius, it may become more and more difficult for us to manage our subsidiaries and investments effectively. If we fail to adapt to the development requirement of intensification and professionalisation on time, such failure may affect the operations of our subsidiaries or the return on our investments, which may in turn have a material adverse effect on our business, results of operations and financial condition.

Our financial information as at and for the years ended 31 December 2019 has been adjusted by Zhongxingcai in the 2020 Pro Forma Financial Statements.

This Offering Circular contains consolidated financial information of the Group as at and for the years ended 31 December 2019 and 2020, which has been extracted from the 2020 Pro Forma Financial Statements. The 2020 Pro Forma Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by Zhongxingcai, the independent auditors of the Guarantor. In preparing the 2020 Pro Forma Financial Statements certain retroactive adjustments were made to the Guarantor's audited consolidated financial statements as of and for the year ended 31 December 2019 as contained in the 2020 Pro Forma Financial Statements.

The adjustments are mainly retroactive adjustments in relation to (i) the accounting errors of Shandong Energy Xinwen Mining Group Hong Kong International, Shandong Energy Xinwen Mining Group Inner Mongolia Energy, Shandong Energy Xinwen Mining Group Inner Mongolia Energy, Water and Coal Company and Liangzhuang Company; (ii) reduction of the construction in progress, minority shareholders' equity and the undistributed profit of Linyi Huibaoling Iron Mine Co., Ltd. Fenghuangling Iron Mine Branch of Shandong Energy Linyi Mining Group; (iii) the adjustment on the start-up expenses of Shandong Energy Linyi Mining Group Australia Pty Ltd; (iv) write-down of depreciation of Zibo Mining Group Inner Mongolia Huangtaolegai Coal Co., Ltd. due to the delay in capital transfer; (v) the deficit for safety expenses of Zibo Mining Group Inner Mongolia Shuangxin Mining Co., Ltd.; (vi) the reversal of receivable dividends Zibo Mining Group Shandong Fangda Engineering Co., Ltd.; (vii) the reduction of long-term receivables Zibo Mining Group due to the zero consideration for the transfer of Zibo Lingzi Thermal Power Co., Ltd. to Shandong Guohui; and (viii) the adjustment on undistributed profits of Shandong Guoxin Healthcare Group due to the write-off of the medical receivables and transactions between the subsidiary of Medical Investment Company and Shandong Xinyan Pharmaceutical Co., Ltd.. It is possible that similar adjustments will be made to our historical financial statements when new financial reports are issued in the future. For more details on these adjustments, please see Note V to the 2020 Pro Forma Financial Statements.

We also publish annual, semi-annual and quarterly consolidated financial information in the PRC to satisfy our continuing disclosure obligations relating to our debt securities issued in the PRC according to applicable PRC regulations and rules of the stock exchanges on which the relevant securities are listed. Our semi-annual and quarterly consolidated financial information is derived from the Group's management accounts and normally unaudited or unreviewed by our independent auditors Zhongxingcai. Unless specifically included in this Offering Circular, such financial information does not form part of this Offering Circular, and should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed financial information.

We have a relatively high total liability/total asset ratio.

In recent years, the PRC government has been encouraging merger and acquisition in the coal industry, and we have seized such a historical opportunity and acquired a number of mines and mining rights domestically in provinces such as Inner Mongolia, Guizhou, Xinjiang, Shaanxi and Shanxi, as well as several coal mines and exploration rights of potash fertiliser resources abroad in Australia, Canada, among others. As we resort to external debt financing for the funding of our acquisitions, our total liability/total asset ratio remained high in recent years. Our total liability/total asset ratio was 66.8%, 67.0% and 67.0% respectively, as of 31 December 2019 and 2020 and the six months ended 2021. As of 30 June 2021, we recorded short-term borrowings of RMB75.2 billion and long-term borrowings of RMB115.5 billion.

This level of debt could have significant consequences for our operations, including:

- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes as a result of our debt servicing obligations;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, our industry and the general economy; and
- potentially limiting our ability to obtain or increasing the cost of any additional financing, and potential downgrades of ratings given by rating agencies to us and our securities, including the Bonds.

If we are not able to generate sufficient cash flow to serve our debt obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, our business, results of operations and financial condition may be materially and adversely affected.

We provided guarantees of significant amounts to third parties.

Historically, we provided external guarantees to independent third parties. As of 30 June 2021, we provided external guarantees of RMB3.8 billion to independent third parties, among which, RMB2.5 billion was provided for Yili Xintian Coal Chemical Co., Ltd. However, we cannot give the assurance that we would not provide any external guarantees in the future. If the guarantee fails to repay debts due, the Issuer will be subject to certain risks of repaying the debts as a guarantor.

We have incurred relatively large capital expenditures in recent years.

As a leading enterprise in the coal industry of Shandong Province, we continued to expand our coal reserves and enlarged our production capacity in recent years, leading to our increased investment and lowered capital turnover rate. The lowered capital turnover in turn led to the increase of our loans. Significant capital expenditures in recent years may add pressure on our cash flow and the entailing significant depreciation of our capitalised investments may have an adverse impact on our results of operations.

We have relatively large proportions of non-current liability.

With the expansion of our business scale, the total amount of the non-current liabilities has also raised, leading to the increase of long-term debts. As of 31 December 2019 and 2020 and the six months ended 2021, the non-current liabilities were RMB171.9 billion, RMB209.7 billion and RMB218.8 billion, respectively, representing 41.0%, 45.7% and 46.4% of our total liabilities, respectively.

Our non-current liabilities have remained at a relatively high level in recent years, and we have subsequently strengthened the management of the long-term debts and bonds payable. However, with the expansion of the scale of production and the increasing demands for financing in the future, the long-term debts may still maintain at a relatively high level and the pressure for us to repay long-term debts will increase.

We experienced fluctuation in profitability in recent years.

Our operating income is mainly generated from the sale of coal. The operating income scale is largely influenced by the coal production output as well as the selling price. For the years ended 31 December 2019 and 2020 and the six months ended 2021, our total operating income was RMB607.1 billion, RMB675.2 billion and RMB398.2 billion, respectively, with net profit of RMB16.8 billion, RMB11.2 billion and RMB5.6 billion, respectively. Although the coal price keeps fluctuating at a high level, the profit margin of the industry still remains low and there is a risk that our profitability will decline.

We may be adversely affected by fluctuations in foreign exchange.

The foreign exchange regime in China is based on market supply and demand with reference to a basket of currencies. It is a floating rate regime subject to regulation by government. Our overseas sales of coal are priced in US dollars and Australian dollars respectively. Therefore, fluctuations in exchange rates will have an impact on revenues of overseas coal sales. Further, our foreign currency-based loans and deposits are also subject to foreign exchange fluctuations. Given the continuous development of our overseas businesses, the exchange rate fluctuations will, if not properly managed, have certain impact on our business revenues and performance.

The exchange rate of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in the political and economic conditions in China and globally and the PRC government's fiscal and currency policies. On July 21, 2005, the PRC government changed its foreign exchange policy of pegging the U.S. dollars in the past ten years and adopted a managed floating exchange rate system to allow the value of the RMB to fluctuate within a regulated band that is based on market supply and demand and with reference to a basket of currencies. The PRC government made further adjustments to the exchange rate system in 2014. On August 11, 2015, the PBOC announced plans to improve the central parity of the RMB against the U.S. dollar by authorising market-makers to provide parity to the China Foreign Exchange Trading Central operated by the PBOC with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign currencies as well as changes in exchange rates of major international currencies. On the same day, the central parity of the RMB against the U.S. dollar depreciated by nearly 2.0% as compared to August 10, 2015, and further depreciated by nearly 1.6% on August 12, 2015 as compared to August 11, 2015. RMB further depreciated in value significantly against the U.S. dollar in 2016, though the trend has reversed in 2017 and the first half of 2018. In the second half of 2018, Renminbi however has depreciated in value against U.S. dollar partially affected by a slower economic growth in China, overhang of Sino-U.S. trade war and fear of emerging markets economies and the Fed's hawkish policy in 2018. The stabilization sign of China economy, along with a ease of Sino-US trade conflicts and the Feds' dovish turn in 2019 lead to a recovery in Renminbi toward the end of the first quarter in 2019. In May 2019, US escalated the Sino-US trade war by increasing tariff from 10 percent to 25 percent on US$200 billion worth of Chinese goods, causing Renminbi to depreciate around 2.5 percent against the U.S. dollar in one single month. Renminbi experienced further depreciation in the third quarter of 2019, dropping below the level of 7.0 Renminbi per U.S. dollar. From the beginning of fourth quarter of 2019 towards the beginning of 2020, Renminbi started to appreciate against U.S. dollar as Sino-US trade war tension started to ease with Phase One Deal signed in January 2020, as well as Fed's dovish policy with 3 rate cuts during second half of 2019. With the development of the foreign exchange market and progress towards interest rate liberalisation and RMB internationalisation, the PRC government may in the future announce further changes to the exchange rate system. We cannot assure you that the Renminbi will not experience significant fluctuation against the U.S. dollar in the future.

We recorded relatively high overhead expenses in recent years.

For the years ended 31 December 2019, 2020 and the six months ended 2021, our overhead expenses (including sales expenses, administrative expenses and financial expenses) was RMB40.7 billion, RMB39.4 billion and RMB20.8 billion, respectively, representing 6.7%, 5.8% and 5.2% of our total operating income, respectively. Although the proportion of overhead expenses in our total operating income tends to decline, it is still relatively high and may impact our profitability.

We have significant account receivables and our provisioning may not be sufficient.

Our receivables mainly comprise of accounts receivables and other receivables. For the years ended 31 December 2019 and 2020, our remaining balance of account receivables was RMB13.5 billion and RMB15.2 billion, respectively. As of 31 December 2020, the book value of remaining balance of account receivables was RMB17.7 billion, with the allowance provided for bad debts in the amount of RMB2.5 billion. For the years ended 31 December 2019 and 2020, our remaining balance of other receivables (excluding interest and dividend receivables) was RMB33.7 billion and RMB31.4 billion, respectively. As of 31 December 2020, the book value of the remaining balance of other receivables was RMB57.9 billion, and the allowance provided for bad debts was RMB26.5 billion. With the growth of book value of the Issuer's accounts receivables and other receivables, the risk of impairment of receivables will increase.

We recorded significant inventories and may suffer from inventory depreciation.

For the years ended 31 December 2019 and 2020 and the six months ended 2021, the balance of our inventory was RMB56.8 billion, RMB67.9 billion and RMB70.0 billion, respectively. With the continuous expansion of our scale of production, the inventories have increased year by year. Although changes in inventories are mainly due to our voluntary adjustments based upon thorough analysis of the coal industry and production, there are still certain risks relating to such increase in inventory. Because of the worldwide economic recession, the coal industry, as an industry of basic resources, will undoubtedly be affected. In recent years, the coal price has been fluctuating sharply and there is a relatively high risk of inventory depreciation for us, which could have a material adverse effect on our business, financial condition and results of operations.

We may suffer impairment losses in relation to a subsidiary in bankruptcy proceedings.

Our wholly-owned subsidiary Yankuang Lunan Fertiliser Factory ("**YLFF**") filed a bankruptcy petition with the relevant PRC court in October 2018, which was initiated by the Group with a view to optimising the Group's business profile and improving the Group's profitability in the long run. YLFF is not a principal subsidiary of the Group and its bankruptcy is not expected to materially impact the business of the Group overall. The total assets of YLFF were less than one per cent of our total assets as of 30 September 2018, and its revenue less than one per cent of our total revenue for the nine months ended 30 September 2018, based on unaudited management accounts. As of the date of YLFF's bankruptcy filing, YLFF had the total debt of RMB3.15 billion, some of which was internal debt owed to the Group to pay off its external debt. Since the judicial auction has not been closed as of the date of this Offering Circular, we may not be able to recover all our receivables from the disposal of YLFF's assets, which may lead to an investment loss to us in subsequent years. We have reported such potential loss to parent department for record and included the loss into our potential loss absorbing plan, which is expected to be fully absorbed in the next two years. Since all external debt including bank loans of YLFF have been paid off by us, it is unlikely that we will be involved in legal proceeding in relation to YLFF's bankruptcy. However, there is no assurance that there will not be other bankruptcy events of our other non-material subsidiaries in the future as we update and implement our business planning. Any of these factors could have a material adverse impact on our business, financial condition and results of operations.

Our financial assets are subject to value fluctuation.

As of 31 December 2019 and 2020 and the six months ended 2021, the balance of our financial assets at fair value through profit or loss is RMB4.7 billion, RMB3.8 billion and nil, respectively. In recent years, our investments in financial assets increased generally, which are mainly recorded at fair value that responds sensitively to the market price. Consequently, the value of our trading financial assets and available-for-sale financial assets is affected by the market environment, resulting in value fluctuation risks.

Risks Relating to Our Industry

Our coal operations are extensively regulated by the PRC and Australian government, and government regulations may limit our activities and adversely affect our business, results of operations and financial condition.

Our coal operations in China are subject to extensive regulation by the PRC government. National governmental authorities, such as the NDRC, the Ministry of Environmental Protection ("**MEP**"), the Ministry of Land and Resources ("**MLR**"), the State Administration of Coal Mine Safety ("**SACMS**"), the State Administration of Work Safety, the National Energy Administration and the State Bureau of Taxation, as well as corresponding provincial and local authorities and agencies, exercise extensive control over the mining and transportation (including rail and sea transport) of coal within China.

Our operations in Australia are subject to similar laws and regulations of general application governing mining and processing, land tenure and use, environmental requirements, including site-specific environmental licenses, permits and statutory authorizations, workplace health and safety, trade and export, competition, access to infrastructure, foreign investment and taxation. These regulations may be implemented by various federal, state and local government departments and authorities including the Department of Resources, Energy and Tourism, the Department of Sustainability, Environment, Water, Population and Communities, and the National Native Title Tribunal. Regulatory oversight from these authorities and agencies may affect the following aspects of our operations, among others:

- the use and granting of mining rights;
- access to land for mining and mining-related purposes;
- exploration and production licenses;
- rehabilitation of mining sites and surrounding areas;
- mining recovery rates;
- pricing of our transportation services for coal in China;
- taxes, levies and fees on our business;
- return on investments;
- application of capital investments;
- pension fund contributions;
- technological innovations;
- preferential tax treatment; and
- environmental and safety standards.

As a result of the foregoing regulation, our ability to execute our business strategies or to carry out or expand our business operations may be restricted. We are still in the process of obtaining or renewing some of the regulatory approvals, permits and licenses required for our business operations, and may experience substantial delays in obtaining such regulatory approvals, permits and licenses.

Our business may also be adversely affected by future changes in PRC or Australian regulations and policies that affect the coal industry. The adoption of new legislation or regulations or the new interpretation of existing legislation or regulations or changes in conditions attaching to approvals may materially and adversely affect our operations, our tax costs and cost structure or product demand. The occurrence of any of the foregoing may cause us to substantially change our existing operations, incur significant compliance costs and increase the risk of our future investment or prevent us from carrying out mining operations, which could have a material adverse effect on the profitability of our operations in Australia and our overall business, results of operations and financial condition. See "– Our business, results of operations and financial condition may be adversely affected by present or future environmental regulations."

We may be adversely affected by the PRC government's policies on industry integration.

In recent years, the PRC government has vigorously implemented the restructuring of a number of industries in the PRC including the coal industry, accelerated the resources integration and the mergers and acquisitions of state-owned enterprises, and enhanced the macro control of the production, transportation and sale of coal.

Although we are a leading coal enterprise in Shandong Province and considers ourselves favourably positioned to benefit from the PRC government's industry restructuring, there is no assurance that we will not be adversely affected by such restructuring. For example, on 20 January 2019, Shandong Geo-Mineral Co., Ltd. ("**SGM**"), a listed company with its shares of common stock listed on the Shenzhen Stock Exchange (stock code: 000409), made an announcement that Shandong Geo-Mineral Group Co., Ltd.

("**SGM Group**") and the relevant state-owned assets supervision and administration authority were planning to transfer 16.71% of the total share capital of SGM held by SGM Group to Yankuang Group for free. Such transfer and relevant share registry was completed in January 2020 and Yankuang Group became the controlling shareholder of SGM. SGM is mainly engaged in metal mining and dressing, pharmaceutical manufacturing and tyre manufacturing and recorded a net loss in 2017 and nine months ended 30 September 2019, respectively. If SGM continues to incur losses in the future, it may have a material adverse impact on our business, results of operations and financial condition.

Our business, results of operations and financial condition may be adversely affected by present or future environmental regulations.

Our coal mining operations produce waste water, gas emissions and solid waste materials. In addition, surface mining operations also produce noise pollution. As a PRC and Australian coal producer, we are subject to extensive and increasingly stringent environmental protection laws and regulations. These laws and regulations:

- impose fees for the discharge of waste substances;
- require provisions for land reclamation and rehabilitation;
- impose fines and other penalties for serious environmental offenses;
- authorise the government to close any facility that fails to comply with environmental regulations and suspend any coal operation that causes excessive environmental damage; and
- establish the conditions (including environmental requirements) for domestic mining operations.

The PRC central and local governments may take steps towards the adoption of more stringent environmental, health and safety regulations. In April 2016, China has signed the Paris Agreement, a global agreement on the reduction of climate change, by which it has committed to peak its CO_2 emissions around 2030 and to make best efforts to peak earlier, and to increase non-fossil energy to 20% of its energy consumption around 2030. In particular, the PRC government is moving towards more rigorous enforcement of applicable environmental laws and regulations and the adoption of more stringent environmental standards. For example, these regulations may require us to further limit any adverse impact or potential adverse impact on the environment or the health and safety of our employees, in which case we may need to incur additional capital expenditures.

Similarly, our Australian operations are subject to Australia's stringent federal and state and territory environmental laws and regulations. Compliance with laws and involvement in litigation can be expensive, lengthy and disruptive to normal business operations. If this area of law develops further, more stringent regulations may be developed, particularly in relation to greenhouse gas emissions, which could increase the costs of using coal and reduce demand for coal as a fuel source, thus adversely affecting the sales volumes and prices of our coal.

Moreover, Australian environmental approval processes require a technical environmental assessment to be prepared prior to granting approval, as well as public consultation. Community groups may lobby for more restrictive conditions to be imposed on approvals granted or for the approval to be declined, either of which may result in a material adverse effect on our business and results of operations.

If efforts to increase energy efficiency, control greenhouse gas emissions and enhance environmental protection result in a decrease in coal consumption, our revenue may decrease and our business may be adversely affected. In addition, our budgeted amount for environmental regulatory compliance may not be sufficient, and we may need to allocate additional funds for this purpose. If we fail to comply with current or future environmental laws and regulations, we may be required to pay penalties or fines or take corrective actions, any of which may have a material adverse effect on our business, results of operations and financial condition.

We face uncertainties regarding the reform of taxes in the PRC such as the resources tax.

In the aspect of resources tax reform, in May 2013, the State Council forwarded the National Development and Reform Commission's "Notice on Opinion of Key Tasks of Deepening the Reform of the Economic System in Year 2013 "(Guofa [2013] 20) and pointed out that in the aspect of tax reform, the resources tax will expand from ad valorem collection to taxable item such as coal. On October 9 2014, the Ministry of Finance and the State Administration of Taxation promulgated the Notice on Implementation of Coal Resource Tax Reform (Caishui [2014] No. 72), provided that coal resource tax shall be levied on a ad valorem basis, taxable amount equals taxable coal sales multiplied by applicable tax rate. The coal resource tax rate ranges from 2% to 10%, and the specific applicable tax rate is proposed by the provincial finance and taxation department within the above range. On August 26 2019, The Resource Tax Law of the People's Republic of China has been adopted by the Standing Committee of the National People's Congress and will become effect from 1 September 2020. The Resource Tax Law further provides that the coal resource tax rate ranges from 2% to 10%. Under the situation of coal industry decline, the coal price is relatively low, the resource tax is at a relatively low level, however, if the coal industry is under the situation of supply exceeds demand, it is difficult to transfer the costs to downstream enterprises, the profitability of coal enterprises will be adversely affected.

Our business and industry may be affected by the development of alternative energy sources and climate change.

We supply coal as fuel to, among others, the PRC thermal power generation industry and, as a result, are affected by the demand and growth of the PRC thermal power industry, which in turn is affected by the development of alternative energy sources, climate change and global environmental factors. If alternative combustion technology develop and reduce the demand for coal in electricity generation, then demand for coal in the PRC thermal power generation industry may decrease, which would materially and adversely affect its demand for our products.

In addition, coal combustion generates significant greenhouse gas and other pollutants, and the effects of climate change resulting from global warming and increased pollution levels may provide incentives for governments to promote or invest in "green" energy technology such as wind, solar, nuclear and biomass power plants, or to reduce their consumption of conventional energy sources such as coal. While the majority of global energy consumption is from conventional energy sources such as coal, alternative energy industries are rapidly developing and are gradually gaining widespread acceptance. In particular, pursuant to the Thirteenth Five-Year Plan, the PRC government plans to continue to encourage the development of non-fossil fuel energy sources, such as wind power, solar power, biomass and geothermal energy, in the next five years. As such, alternative energy industries may rapidly develop and gradually gain mainstream acceptance in the PRC and the rest of the world. If alternative energy technology continue to develop and prove suitable for wide commercial application in the PRC and overseas, demand for conventional energy sources such as coal could gradually be reduced, which could have a material adverse effect on the coal mining industry and, consequently, our business, results of operations and financial condition.

Risks Relating to the PRC

Changes in China's economic, political and social conditions as well as governmental policies could affect our financial condition and results of operations.

The majority of our business, assets and operations are located in China. China's economy differs from the economies of most developed countries in many respects, including the structure of economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign currency and allocation of resources.

For the past three decades, the PRC government authorities have implemented economic reform measures to emphasise the utilisation of the market as a determining factor in resource allocation. China's economy has been transitioning from a planned economy to a more market-oriented economy. The PRC government authorities from time to time implement various macro-economic and other policies and measures, including contractionary or expansionary policies and measures at times of or in anticipation of changes in China's economic conditions, with an overall aim to sustaining economic stability and utilising new

sources of economic growth. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country, as economic reform is a developing process. As a result, we may not continue to benefit from all, or any, of these measures. In addition, it cannot be accurately predicted whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition and results of operations.

Natural calamities or public health epidemics, such as COVID-19, could adversely affect our business.

The PRC has experienced natural calamities in recent years such as earthquakes, floods, droughts, extreme rain, snow and freezing weather, and typhoons. Additionally, natural disasters, outbreaks of contagious diseases and other adverse public health developments in the PRC could severely disrupt our business operations and adversely affect our financial condition and results of operations. Our operations may be affected by a number of health-related factors, including quarantines of our facilities and employees and travel restrictions.

Since December 2019, there has been an outbreak of COVID-19 in the PRC, in particular in the Wuhan City, and many other countries and regions we operate, including Australia. COVID-19 is highly infectious and has resulted in a significant number of deaths in the PRC and worldwide. On March 11, 2020, the World Health Organization declared COVID-19 outbreak a pandemic. In order to reduce the risk of COVID-19, the PRC government and different local governments of the PRC have imposed temporary restrictions or bans on passenger traffic to control the spread of COVID-19. The Australian government imposed similar restrictions as well. As a result, our production and sales activities were temporarily suspended.

Our business, financial condition and results of operations will be materially and adversely affected if the outbreak in the PRC prolongs and extreme events occur. For the first quarter of 2020, as compared to the same period in 2019, based on our published financial results which are unaudited and unreviewed by our auditors, the Group's total comprehensive income decreased substantially, and our operating profit suffered a decrease.

Occurrence of clusters of infections among our employees may lead to quarantine of our employees or full-scale shutdown of our production facilities. Any suspension or significant reduction in the supply of coal or other primary raw material, such as due to the quarantine of production facilities and employees of our suppliers or their temporary closure required by the local authority, could materially and adversely affect our production.

As a result of the outbreak, we may fail or be unable to hold our suppliers, customers or contractual counterparties liable for contractual breaches as the outbreak may constitute a force majeure event which excuses the counterparty from performing their contractual obligations and from compensating our losses. In addition, any road blocking or transportation stoppage may impose difficulties for our customers to transport coal or coal chemical products purchased from us, and we may therefore face a reduction in our sales volume and in turn, a reduction our production volume. Further, the overall demand for our products may decline as a result of the deteriorated macroeconomic condition in the PRC in general and Shandong Provinces in particular.

Moreover, the outbreak of communicable diseases, such as the COVID-19 outbreak on a global scale, may affect investment sentiment and result in volatility in the global capital markets and bank lending, or adversely affect China and other economies. We issue bonds and/or other securities in the PRC domestic and overseas markets from time to time, and utilise bank facilities from time to time, and such negative investor sentiment may adversely impact our funding channels and hamper us from raising funds for working capital, refinancing or other corporate uses. Given the many uncertainties surrounding COVID-19 situation, it is impossible to predict how long these conditions will persist and the extent to which our business may be affected. We cannot assure you that our business, financial condition and results of operations will not be materially and adversely affected.

Uncertainties with respect to the PRC legal system could limit the protections available to us.

The PRC legal system is similar to a civil law system based on written statutes. Unlike in common law systems, prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since many laws, rules and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. For example, we may have to resort to administrative and court proceedings to enforce the legal protections that we enjoy either by law or contract. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate and predict the outcome of PRC administrative and court proceedings and the level of legal protection we enjoy in China as compared to more developed legal systems. These uncertainties may impede our ability to enforce our contracts with future partners, service providers and suppliers. The effect of future developments in the PRC legal system cannot be predicted, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention.

We are subject to strict supervision and inspections by the PRC governmental authorities. There is no assurance that we will not be subject to government penalties due to breach of applicable regulations and rules, which may have a negative impact on our business and reputation.

As a state-owned enterprise, we are subject to strict supervision by the PRC government. The PRC governmental authorities carry out multiple inspections and audits every year on financial, tax and pricing compliance of state-owned enterprises including us. The government authorities may impose monetary and other penalties on enterprises found to have material noncompliance issues in the inspection. While we operate our business pursuant to applicable laws and regulations, we cannot predict the outcome, or the impact thereof, of such governmental audits and inspections.

We cannot assure you that we will not be found to be non-compliant with laws and regulations regarding specific matters in our operations, which may subject us to fines and other disciplinary actions imposed by government authorities, and our reputation, business and financial condition may be materially and adversely affected.

The Group may not be able to detect and prevent fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties.

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to litigation, financial losses and sanctions imposed by governmental authorities, as well as affecting its reputation. In addition, the Group's employees, representatives, agents, customers or other third parties may be subject to investigations by the PRC authorities, whose occurrence or outcome may be difficult to predict.

Potential misconduct could include:

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- engaging in improper activities such as receiving or offering bribes to counterparties;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;

- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

Though the Group has measures and internal control system in place to detect and prevent such fraud and misconduct, certain misconducts among our employees have been detected and adversely affect our business and reputation. There is no assurance that the Group or the Issuer will not be subject to any investigation imposed by the PRC government or other authorities in the future.

The Group is subject to certain negative findings by inspection teams from provincial CCP committee.

Following the 18th Party Congress in 2012 and the wide-reaching anti-corruption campaign in the PRC, the Shandong Provincial CCP Committee has routinely dispatched inspection teams to large state-owned enterprises in the province to identify corruption and graft-related issues, as part of the central government's ongoing anti-corruption campaign, including to the Group in 2013 and 2017, to conduct inspection work on party disciplinary enforcement.

According to PRC media sources and government websites, the committee's 2013 and 2017 inspections both uncovered issues within the Group including corruption by low-level employees, embezzlement of state assets, collusion with sub-contractors for personal gain, nepotism and improper related-party transactions. The inspection team's findings of and recommendation for rectification for various deficiencies identified in the Group's internal control and corporate governance systems have full attention and cooperation of the Group's senior management. Although the Group has established corporate governance and internal control systems, including anti-corruption and ethical integrity management, to ensure operational, legal, financial and ethical compliance in all aspects of the Group's business, the Group will strictly follow the inspection team's recommendations for rectification of those deficiencies to further improve the Group's internal control, corporate governance and risk management mechanisms. The Group believes that the inspection team's findings will not materially and adversely affect the business, financial condition and results of operations of the Group. However, there is no assurance that there will not be any further investigations or actions against the Group, its directors, officers or employees resulting from the findings taken by the inspection team or other governmental authorities or that such investigations or actions would not affect the Group as a result.

In addition, the Group may not be able to always detect or prevent fraud or other misconduct committed by its employees, which have a negative impact on its reputation and business. For instance, in July 2018, Zoucheng Supervision Committee of the CCP announced that Miao Zhiyuan, the ex-executive director and former general manager of our subsidiary Yankuang Coal Chemicals Supply & Marketing Co., Ltd. (兗礦煤化供銷有限公司), was suspected of being involved in serious violations of the law. In November 2018, Zoucheng People's Municipal Court made a judgement that Chen Zheng, the former deputy director of Marketing Central of Yanzhou Coal, was found guilty for the dereliction of duty as an employee of the state-owned enterprise, resulting in heavy losses of the state-owned enterprise and the interest of the State. Although the Group has been making increasing its efforts to detect and prevent employee misconduct, it is not always possible to deter or prevent employee misconduct, and the precautions the Group takes to prevent and to detect such activities may not be effective in all respects. The Group could also suffer from negative publicity, reputational damage, monetary losses or litigation losses as a result of the misconduct of its employees.

The Group's auditor was subject to administrative sanctions by relevant PRC authorities and may be subject to such sanctions in future.

Zhongxingcai, the Group's auditor, has been subject to multiple administrative actions against it taken by regulatory authorities recently.

In April 2020, Guangdong Supervision Bureau of China Securities Regulatory Commission ("**CSRC**") issued letters of decision on administrative supervision measures to Zhongxingcai and three of its accountants. Issues discovered by CSRC were in connection with Zhongxingcai's service performed in two projects, including improper procedures on response letter, improper professional judgment on the impairment of long-term equity investment, failure to obtain adequate and proper audit evidence, failure to implement audit procedures on "alarm ratio" and related parties, failure to fully comply with independence requirements and issues related to inconsistent audit statements and records and incorrect risk assessment.

In March 2020, Fujian Supervision Bureau of CSRC issued letters of decision on administrative supervision measures to Zhongxingcai and three of its accountants in relation to issues discovered in connection with Zhongxingcai's service performed in two fiscal years, including directly using the results of previous evaluation report as the conclusion of goodwill impairment review, failure to obtain adequate and proper audit evidence and insufficient review on goodwill impairment test and goodwill information disclosure.

In March 2020, Shanghai Supervision Bureau of CSRC issued warning letters to Zhongxingcai and two of its accountants. Issues discovered by CSRC included failure to maintain reasonable doubts about major asset transfer transactions, improper use of experts and poorly-implemented procedures of related party identification.

In March 2020, Jiangsu Supervision Bureau of CSRC issued warning letters to Zhongxingcai and two of its accountants. Issues discovered by CSRC included failure to implement certain audit procedures, inadequate evaluation of the appropriateness of using the work of management experts as relevant identified audit evidence and formalistic goodwill impairment audit procedures and quality control review.

In September 2019, Shandong Supervision Bureau of CSRC issued warning letters to Zhongxingcai and two of its accountants. Issues discovered by CSRC included certain provisions of audit contract violating the Code of Professional Ethics for Chinese Certified Public Accountants, lack of the record of communication with the former certified public accountant, insufficient knowledge of the auditee's environment and risk assessment procedures and other issues in relation to bank confirmation, intercourse funds confirmation and audit on inventory, available-for-sale financial assets and bank loans.

In December 2019, CSRC issued warning letters to Zhongxingcai and two of its accountants. Issues discovered by CSRC included certain agreement clause violating the Code of Professional Ethics for Chinese Certified Public Accountants, lack of communication records of with former auditors, insufficient risk assessment procedures, and other issues related to the bank confirmations, account current confirmations and the audit of inventories, available-for-sale financial assets and bank loans.

In October 2019, Hainan Province Securities Regulatory Authority issued a warning letter to Zhongxingcai in relation to issues discovered in connection with Zhongxingcai's service performed in one project, including failure to obtain sufficient and appropriate audit evidences regarding the reasonableness of the income recognition for certain business, failure to detect and properly handle inconsistencies in audit evidences, and failure to obtain sufficient and appropriate audit evidences regarding the fairness of certain business' income.

In October 2018, the Ministry of Finance of China (the "**MOF**") ordered Zhongxingcai to close its branch office in Hengshui, Hebei province and suspended the licenses of two accountants for six months, due to issues detected in the 2017 annual inspection administered by the MOF in relation to the audit work performed by Zhongxingcai Hengshui Branch in respect of the 2016 financial statements of a financial institution, including inadequate internal control, inadequate testing and risk assessment procedures, inappropriate classification of credit assets and the delivery of an unqualified audit opinion related thereto.

In October 2018, the CSRC also made an announcement with respect to its 2018 inspection of "fundamental procedures" performed by a number of accounting firms in the PRC and its decision to sanction Zhongxingcai and ten other accounting firms. Warning letters were issued to Zhongxingcai and six of its accountants in relation to issues discovered by the CSRC in connection with Zhongxingcai's service performed in three different projects, including failure to obtain external confirmation without any reason and grounds on record, inadequate verification procedures, lack of further or alternative procedures for handling inadequate, inconsistent or incorrect information, inadequate record keeping procedures and inadequate control procedures with respect to external confirmation.

In April 2018, the CSRC made an announcement with respect to its 2017 inspection on accounting firms and valuation service providers in the PRC and its decision to sanction Zhongxingcai and nine other accounting firms and nine appraisers. Zhongxingcai was sanctioned for issues discovered in 7 projects in which it was involved. A rectification order was delivered by the CSRC to Zhongxingcai and it was ordered that during the period of rectification, seven accountants from Zhongxingcai shall not be allowed to perform securities and futures related service. In addition, warning letters were issued to eleven other accountants at Zhongxingcai. Issues discovered included inadequate procedures on auditing operating revenue, accounts receivable, inventory, related party transactions, cash and cash equivalents, fixed assets, and government subsidies, inadequate procedures on external confirmation of bank savings, inadequate analysis of period expenses, inadequate attention to compliance risks, and ineffective test of control.

In February 2018, the CSRC issued a warning letter to Zhongxingcai in relation to inadequate audit procedures, inconsistent disclosure and inadequate analysis which resulted in its failure to detect the inaccurate classification of certain account receivable items in the annual financial statements of a financial institution audited by Zhongxingcai.

Additionally, CSRC issued two warning letters in 2016 and 2017 respectively to Zhongxingcai in relation to inadequate procedures on related party transactions, inadequate communication with predecessor auditors and certain other internal control issues. In addition, CSRC also issued a reprimanding letter to Zhongxingcai in 2016 in relation to certain deficiencies in the audit tasks performed by it, including inadequate procedures on the client's internal control system and related party transactions. In 2010, CSRC announced an administrative penalty decision against Zhongxingcai and imposed a fine in the amount of RMB100,000 in relation to deficiencies in its recordkeeping management. Other than as disclosed above, there may exist other administrative sanctions by relevant PRC authorities.

The Group's financial statements were audited (or reviewed, as the case may be) by Zhongxingcai's Jinan Branch. Although neither Jinan Branch or the accountants who have audited or reviewed the Group's financial statement are involved in any of the above incidents or sanctions, or have been subject to any investigation or penalties or other actions by the relevant authorities, Zhongxingcai's involvement in such administrative actions, in particular the fact that it has been warned, sanctioned and fined by the authority for similar causes, has reflected a repetitive pattern in the past, which could affect investors' confidence in companies and financial statements, including the Group's, audited by Zhongxingcai. There can be no assurance that similar incidents will not occur again in the future, and any negative news about Zhongxingcai may have a material and adverse effect on the Group. Prospective investors should exercise caution when using financial information audited or reviewed by Zhongxingcai and consider these factors prior to making any investment decision.

We may not be able to obtain all necessary approvals, permits and licenses.

Pursuant to applicable laws and regulations in China, we are required to renew approvals, permits and licenses with respect to our exploration activities, mining operations and environmental protection for our existing operational mines and obtain more approvals, permits and licenses for our development-stage or exploration projects. In addition, we are required to obtain or maintain land use rights certificates and building ownership certificates for property we own or lease properties from owners possess valid land use rights certificates or building ownership certificates.

If any of these or our other mining licenses, safety production licenses, pollute discharge license or other certificates, approvals or permits are revoked, not renewed or not obtained, we could be required to cease operations of the affected mine or production facility, which may have a material adverse effect on our business, results of operations and financial condition.

As of the date of this Offering Circular, the following approvals, permits and licenses have expired, or need to be obtained or renewed:

- We are in the process of obtaining the mining license, safety production license, water abstraction license and other certificates of Yingpanhao Coalfield and Coal Preparation Plant Project.

- We are in the process of obtaining the safety production license of Wanfu Coalfield Project.

If we fail to obtain or renew any of the above-mentioned licenses and certificates as planned or at all, our business, financial condition and results of operations may be materially and adversely affected.

The PRC government does not guarantee the obligations of the Issuer or the Guarantor.

On 28 March 2018, the MOF issued the Notice of the Ministry of Finance on Issues concerning Regulating the Investment and Financing Behaviors of Financial Enterprises for Local Governments and State-owned Enterprises (Caijin (2018) No. 23) ("**Circular 23**"). According to Circular 23, (i) state-owned financial enterprises when providing agency services to local State-owned Enterprises ("**SOE**") are obliged to evaluate the financial capabilities of the entity seeking to raise capital and the source of the funds such as when a SOE issues domestic or overseas bonds. With respect to the sources of income from debt-issuing enterprises involved in the arrangement of financial funds, state-owned financial enterprises shall carry out due-diligence investigations and carefully verify that the arrangement complies with all applicable laws and regulations; and (ii) documents including Offering Circulars shall not disclose information that can implicitly or explicitly indicate the government's endorsement of the SOE's capital-raising, such as local financial revenues and expenditures and government debt information, or conduct misleading publicity that implies an association with the government's credit.

On 11 May 2018, the NDRC and the MOF jointly issued the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (Fagaiwaizi (2018) No. 706) ("**Circular 706**"). According to Circular 706, public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government offices and public institutions, municipal roads, non-toll bridges, non-operating water conservancy facilities, non-toll pipeline network facilities and other public welfare assets and the right to use the reserve land shall be strictly prohibited from being included in the assets of the enterprises. Circular 706 also reaffirms that the Offering Circulars of bonds issuances shall not disclose information that can implicitly or explicitly indicate the government's endorsement of capital raising or conduct misleading publicity that implies an association with the government's credit. In addition, the liability of the local government as the shareholder shall be limited to its agreed obligation to contribute to the registered capital of such enterprises, and the relevant foreign debts should be solely repaid by such enterprises as independent legal persons.

As the ultimate controller of the Guarantor, the PRC Government and the Shandong Provincial Government only have limited liability in the form of their equity contribution in the Guarantor. As such, neither the PRC Government nor the Shandong Provincial Government has any payment obligations under the Bonds. The Bonds are solely to be repaid by the Issuer or the Guarantor, each as an obligor under the relevant transaction documents and as an independent legal person. The control of the Guarantor by the PRC Government and the Shandong Provincial Government does not necessarily correlate to, or provide any assurance as to, the Issuer's and the Guarantor's financial condition.

Risks Relating to the Bonds and the Guarantee

Any failure to complete the relevant filings under the NDRC Notice and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with the NDRC prior to the issue of the securities and notify the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the pre-issue registration requirement. The Issuer has obtained the NDRC pre-issuance registration certificate on 20 October 2021. Similarly, there is no clarity on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. In the worst case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 9 (*Events of Default*) of the Terms and Conditions. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within 10 PRC Business Days (as defined in the Terms and Conditions) after the Issue Date.

In accordance with the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (跨境擔保外匯管理規定) (the "Cross-border Security Registration") issued by the SAFE on 12 May 2014, the Guarantor shall complete registration for domestic guarantees for overseas loans in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee 《跨境擔保外匯管理操作指引》promulgated by SAFE on 12 May 2014, the Guarantor is required to register the Deed of Guarantee within 15 PRC Business Days after execution of the respective Deed of Guarantee and complete such registration in accordance with the Cross-border Security Registration. Although the non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated timeframe. The Guarantor intends to register the Deed of Guarantee as soon as practicable and in any event before the Registration Deadline (being 90 calendar days after the Issue Date). If SAFE registration is not completed within the Registration Deadline, the Issuer shall redeem, at the option of the Bondholder, such Bond pursuant to Condition 6(d) of the Terms and Conditions of the Bonds. If however any Bondholders fail to receive any amount payable to them on redemption, they may be required to rely on the exercise of the Deed of Guarantee and may face logistical hurdles at the time of remittance of funds (if any cross border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Deed of Guarantee in order to effect such remittance, although this does not affect the validity of the Guarantee itself. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

The Bonds and the Guarantee are unsecured obligations.

The Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment of the Bonds and payment under the Guarantee may be adversely affected if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's assets may not be sufficient to pay amounts due on the Bonds.

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the Bondholders would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned. We have been advised by our Cayman Islands legal adviser, Walkers (Hong Kong), a judgment obtained in the Hong Kong courts against us will be recognized and enforced in the courts of the Cayman Islands without any re-examination of the merits at common law, by an action commenced on the foreign judgment in the Grand Court of the Cayman Islands, where the judgment: (a) is final and conclusive; (b) is one in respect

of which the foreign court had jurisdiction over the defendant according to Cayman Islands conflict of law rules; (c) is either for a liquidated sum not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations or, in certain circumstances, for in personam non-money relief; and (d) was neither obtained in a manner, nor is of a kind enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. While it is expected that the PRC courts or courts of the Cayman Islands will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts or courts of the Cayman Islands will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

The Bonds may not be a suitable investment for all investors.

The Bonds may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it; (b) the Bonds can be used as collateral for various types of borrowing; and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although application has been made for the listing of the Bonds on the Hong Kong Stock Exchange, no assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. None of the Joint Lead Managers is obliged to make a market in the Bonds, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

Investors in the Bonds may be subject to foreign exchange risks.

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Issuer's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in governmental regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There can be no assurance that these developments will not occur in the future.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

The Issuer may be unable to redeem the Bonds upon the due date for redemption thereof.

On the Maturity Date, the Bonds will be redeemed at their principal amount, or following the occurrence of a Change of Control Event or No Registration Event (both terms as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds. On the Maturity Date or if any of such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in any of such events may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's other indebtedness.

The Guarantor's obligations under the Guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of each of the Guarantor's existing and future subsidiaries (other than the Issuer), and effectively subordinated to the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

The Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Guarantor's existing and future subsidiaries, whether or not secured. The Guarantor's obligations under the Guarantee will not be guaranteed by any of the Guarantor's subsidiaries, and the Guarantor's ability to make payments under the Guarantee depends partly on the receipt of dividends, distributions, interest or advances from its subsidiaries. The ability of such subsidiaries to pay dividends to the Guarantor is subject to various restrictions under applicable laws. The Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Guarantee or make any funds available therefor, whether by dividends, loans or other payments. The Guarantor's right to receive assets of any of the Guarantor's subsidiaries, upon that subsidiary's liquidation or reorganisation, will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Guarantor is a creditor of that subsidiary). Consequently, the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Guarantor's subsidiaries and any subsidiaries that the Guarantor may in the future acquire or establish. The

outstanding indebtedness of the subsidiaries of the Guarantor may also contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor's percentage interests in its subsidiaries and joint ventures could be reduced in the future.

The Guarantee is the Guarantor's unsecured obligation and will (i) rank equally in right of payment with all the Guarantor's other present and future unsubordinated and unsecured indebtedness; and (ii) be effectively subordinated to all of the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. Accordingly, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Guarantee only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

If the Issuer, the Guarantor or each of their subsidiaries is unable to comply with the restrictions and covenants in its debt agreements (if any), or the Bonds, there could be a default under the terms of these agreements, or the Bonds, which could cause repayment to be accelerated.

If the Issuer, the Guarantor or each of their subsidiaries is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, the Guarantor or each of their subsidiaries, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer, the Guarantor or each of their subsidiaries contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer, the Guarantor or each of their subsidiaries under one debt agreement may cause the acceleration of repayment of debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Group's assets and cash flows would be sufficient to repay all of the Group's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer, the Guarantor or each of their subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer, the Guarantor or each of their subsidiaries.

A change in English law which governs the Bonds may adversely affect holders of the Bonds.

The Terms and Conditions are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change English law or administrative practice after the date of issue of the Bonds.

Modifications and waivers may be made in respect of the Terms and Conditions, the Trust Deed, the Agency Agreement and/or the Deed of Guarantee by the Trustee or less than all of the holders of the Bonds, and decisions may be made on behalf of all holders of the Bonds that may be adverse to the interests of the individual holders of the Bonds.

The Terms and Conditions contain provisions for calling meetings of the holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of the individual holders of the Bonds.

The Terms and Conditions also provide that the Trustee may, without the consent of the holders of the Bonds, agree to any modification of the Trust Deed, the Terms and Conditions, the Agency Agreement and/or the Deed of Guarantee (other than in respect of a reserved matter) which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of the Bonds and to any modification of the Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with any mandatory provision of applicable law.

In addition, the Trustee may, without the consent of the holders of the Bonds, authorise or waive any proposed breach or breach of the Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the holders of the Bonds will not be materially prejudiced thereby.

Furthermore, the Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to certain conditions as further described in the Trust Deed, but without the consent of the Bondholders, to (i) the substitution of the Issuer's successor in business or any subsidiary of the Issuer or the Guarantor or its successor in business in place of the Issuer (or of any previous substitute) as the principal debtor under the Trust Deed and the Bonds or (ii) the substitution of the Guarantor's successor in business or any subsidiary of the Guarantor or its successor in business in place of the Guarantor (or any previous substitute) as the guarantor under the Trust Deed and the Bonds. There can be no assurance that such new debtor or guarantor will be able to perform their respective obligations under the Bonds, Trust Deed or the Deed of Guarantee, as applicable.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances (including without limitation the giving of notice pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions and the taking of enforcement steps pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions), the Trustee may (in its sole discretion) request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any step and/or action and/or initiate any proceeding on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or initiate any such proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or such proceedings can be initiated. The Trustee may not be able to take steps and/or actions and/or initiate proceedings, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the Bondholders to take such steps and/or actions and/or initiate such proceedings directly.

Gains on the transfer of the Bonds and interest payable by the Issuer to overseas Bondholders may be subject to income tax and value-added tax under PRC tax laws.

Under the Enterprise Income Tax Law of the PRC (the "EIT Law") which took effect on 1 January 2008 and was amended on 24 February 2017 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "Arrangement") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the "IIT Law") which took effect on 30 June 2011, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("Circular 36"), which introduced a new value-added tax ("VAT") from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The Issuer will be obligated to withhold VAT of 17 per cent. and certain surcharges (as described below) on VAT for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. Pursuant to Interim Regulation of the PRC on City Maintenance and Construction Tax (中華人民共和國城市維護建設税暫行條例(2011修訂)), Interim Provisions on the Collection of Educational Surcharges (徵收教育費附加的暫行規定(2011修訂)) and Notice of the Ministry of Finance on the Relevant Matters regarding Unifying the Policies on Local Education Surcharges (財政部關於統一地方教育附加政策有關問題的通知), a city maintenance and construction tax (7 per cent.), an educational surcharge (3 per cent.) and a local educational surcharge (2 per cent.) and water conservancy fund surcharge (1 per cent.) will be applicable when entities and individuals are obliged to pay VAT (for an aggregate of 13 per cent. on any VAT payable). VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on interest or gains on the transfer of the Bonds, the value of the relevant Bondholder's investment in the Bonds may be materially and adversely affected.

The Bonds will be represented by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems.

The Bonds will be represented by beneficial interests in a Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream (the "Clearing Systems"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their account Bondholders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Bondholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such Bondholders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Bondholders should be aware that a Definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

In relation to any Bond which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such amount. In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a Definitive Certificate in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more specified denominations. If definitive Bonds are issued, holders should be aware that a Definitive Certificate which has a principal amount that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

The Bonds may be redeemed by the Issuer prior to maturity.

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued up to but excluding the date fixed for redemption if, subject to certain conditions, as a result of inter alia a change in tax law, the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

If the Issuer redeems the Bonds prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Bonds may reduce the market price of the Bonds.

Third parties, including Bondholders, may be hindered or prevented from enforcing their rights with respect to the assets of the Guarantor because of the doctrine of sovereign immunity or state secret privilege.

As at the date of this Offering Circular, the Guarantor is controlled by the Shandong Provincial Government indirectly through the Shandong SASAC and Shandong Provincial Department of Finance. All of the assets relating to the operation of the Guarantor's business are either owned or controlled by the Guarantor itself or by companies wholly or majority owned by the Guarantor. Where a third party brings a legal action against the Guarantor, its subsidiaries or their assets based on a contract dispute with them, the legal proceeding, particularly the enforcement of judgments or any arbitral awards with respect to the assets of the Guarantor and its subsidiaries, may be subject to the law and legal systems and the jurisdiction of PRC courts or tribunal. While the Guarantor can be sued in its own capacity in a civil proceeding in a court or tribunal, there can be no assurance that the assets of the Guarantor will not be immune from enforcement proceedings on the grounds of sovereign immunity or state secret privilege. If such immunity or privilege is invoked to dismiss judgments from the court or tribunal, it may be difficult for the third-party plaintiffs (such as Bondholders) to enforce their contractual rights against the Guarantor, its subsidiaries or their assets in China.

The rating assigned to the Bonds may be downgraded or withdrawn in the future.

The Bonds are expected to be assigned a rating of Ba1 by Moody's. The rating represents only the opinions of the rating agency and its assessment of the ability of the Issuer and Guarantor to perform their respective obligations under the Bonds, the Trust Deed and the Agency Agreement and credit risks in determining the likelihood that payments will be made when due under the Bonds. The rating is not a recommendation to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. The Issuer and Guarantor cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgement circumstances in the future so warrant. If there is a material deterioration in the Guarantor's business or financial profile, including such as where the Guarantor's leverage ratios stay above certain levels over a prolonged period, the rating agency could downgrade such rating. Each rating should be evaluated independently of any other rating of the Bonds or other securities of the Issuer and the Guarantor (if any). A revision, qualification, suspension or withdrawal at any time of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further bonds either having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions and the making of the Cross-Border Security Registration and the NDRC Post-Issuance Filing) (see Condition 15 (*Further Issues*) of the Terms and Conditions) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bonds will carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

EXCHANGE RATES

The PBOC sets and publishes on a daily basis a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by two per cent. against the U.S. dollar. The PRC Government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015 and throughout the entire year in 2016 and the first half of 2017, Renminbi depreciated significantly against the U.S. dollar. In the second half of 2017 and the first half of 2018, Renminbi had appreciated in value against U.S. dollar. In the second half of 2018, Renminbi experienced further fluctuation in value against the U.S. dollar. In the second half of 2018, Renminbi however has depreciated in value against U.S. dollar partially affected by a slower economic growth in China, overhang of Sino-U.S. trade war and fear of emerging markets economies and the Fed's hawkish policy in 2018. The stabilization sign of China economy, along with a ease of Sino-US trade conflicts and the Feds' dovish turn in 2019 lead to a recovery in Renminbi toward the end of the first quarter in 2019. In May 2019, US escalated the Sino-US trade war by increasing tariff from 10 percent to 25 percent on US$200 billion worth of Chinese goods, causing Renminbi to depreciate around 2.5 percent against the U.S. dollar in one single month. Renminbi experienced further depreciation in the third quarter of 2019, dropping below the level of 7.0 Renminbi per U.S. dollar. From the beginning of the fourth quarter of 2019 towards the beginning of 2020, Renminbi started to appreciate against U.S. dollar as Sino-US trade war tension started to ease with Phase One Deal signed in January 2020, as well as Fed's dovish policy with 3 rate cuts during second half of 2019. In Feb 2020, however, Renminbi began to depreciate due to the impact of COVID-19 on China, dropping below the level of 7.0 Renminbi per U.S. dollar again. From March 2020, COVID-19 rapidly expanded to the whole world, strengthening the safe-haven currencies like U.S. dollar as market took on a more risk-averse tone, leading to Renminbi' s further depreciation against U.S. dollar. The PRC Government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods presented:

	Renminbi per U.S. Dollar Noon Buying Rate[1]			
Period	**End**	**Average[2]**	**High**	**Low**
		(CNY per U.S.$1.00)		
2009	6.8259	6.8295	6.8470	6.8176
2010	6.6000	6.7603	6.8330	6.6000
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.3088	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015	6.4778	6.2869	6.4896	6.1870

Period	Renminbi per U.S. Dollar Noon Buying Rate[1]			
	End	Average[2]	High	Low
	(CNY per U.S.$1.00)			
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6292	6.9737	6.2649
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1348	6.5250
2021				
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4932
April	6.4749	6.5186	6.5649	6.4710
May	6.3674	6.4321	6.4749	6.3674
June	6.4566	6.4250	6.4811	6.3796
July	6.4609	6.4763	6.5104	6.4562
August	6.4604	6.4768	6.5012	6.4604
September	6.4434	6.4563	6.4702	6.4320
October	6.4050	6.4172	6.4485	6.3822

Notes:

(1) Exchange rates between Renminbi and U.S. dollar represent the noon buying rates as set forth in the H. 10 statistical release of the Federal Reserve Board.

(2) Annual and semi-annual averages have been calculated from month-end rate. Monthly averages have been calculated using the average of the daily rates during the relevant period.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics, is the text of the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of the U.S.$500,000,000 2.90 per cent. Guaranteed Bonds due 2024 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a resolution of the Board of Directors of Yankuang Group (Cayman) Limited (the "**Issuer**") passed on 18 November 2021 and the guarantee of the Bonds was authorised by a resolution of the Board of Directors of Shandong Energy Group Co., Ltd. (山東能源集團有限公司) (the "**Guarantor**") passed on 30 July 2021. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the "**Trust Deed**") dated 30 November 2021 (the "**Issue Date**") between the Issuer, the Guarantor and The Bank of New York Mellon, London Branch (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds have the benefit of a deed of guarantee (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") dated 30 November 2021 entered into by the Guarantor and the Trustee relating to the Bonds. The Bonds are the subject of an agency agreement (as amended and/or supplemented from time to time, the "**Agency Agreement**") dated 30 November 2021 relating to the Bonds between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with the Bonds) and as transfer agent (the "**Transfer Agent**", which expression shall include any successor transfer agent appointed from time to time in connection with the Bonds), The Bank of New York Mellon, London Branch as the initial principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds) and any other agents named in it.

Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection following prior written request and proof of holding and identity satisfactory to the Trustee or, as the case may be, the Principal Paying Agent at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m.) at the principal office of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying Agent. "**Paying Agents**" includes the Principal Paying Agents and "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (the "**Conditions**") will have the meanings given to them in the Trust Deed.

1 Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Bonds are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and, in relation to a Bond, "**holder**" mean the person in whose name a Bond is registered.

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"). The Conditions are modified by certain provisions contained in the Global Certificate. See "Summary of Provisions Relating to the Bonds in Global Form".*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2 Transfers of Bonds

(a) **Transfer:** A holding of Bonds may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, and by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar to any Bondholder following prior written request and proof of holding satisfactory to the Registrar.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(b) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within seven business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday or Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge:** Certificates, on transfer or exercise of an option, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant Bondholder of any tax, duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require), (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied that the regulations concerning transfer of Bonds have been complied with.

(d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption, (ii) after any such Bond has been called or put for redemption, or (iii) during the period of seven days ending on (and including) any Record Date.

3 Guarantee and Status

(a) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Conditions 4(a) to 4(d) (both inclusive), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) **Status:** The Bonds constitute (subject to Conditions 4(a) to 4(d) (both inclusive)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Conditions 4(a) to 4(d) (both inclusive), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4 Covenants

(a) **Limitation on Liens:** The Guarantor will not, and will not permit the Issuer or any Principal Subsidiary to, create, incur, assume or permit to exist any Lien upon any of its property or assets, now owned or hereafter acquired, to secure any Indebtedness of the Guarantor, the Issuer or such Principal Subsidiary (or any guarantees or indemnity in respect thereof) without, in any case, making effective provision whereby the Bonds will be secured either at least equally and rateably with such Indebtedness (or any guarantees or indemnity in respect thereof) or by such other Lien as shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed) by the Bondholders, for so long as such Indebtedness (or any guarantees or indemnity in respect thereof) will be so secured, unless, after giving effect thereto, the aggregate outstanding principal amount of all such secured Indebtedness (or any guarantees or indemnity in respect thereof) including the Attributable Value of Sale and Leaseback Transactions entered into after the Issue Date does not exceed 5 per cent. of the Guarantor's Adjusted Consolidated Net Worth.

The foregoing restriction will not apply to:

(i) any Lien which is in existence on the Issue Date and any extension, renewal or replacement thereof created in connection with the refinancing, extension, renewal or refunding (together with interest, fees and other charges attributable thereto) of the Indebtedness originally secured (but the principal amount secured by any such Lien may not be increased);

(ii) any Lien arising or already arisen automatically by operation of law which is promptly discharged or disputed in good faith by appropriate proceedings, provided that any reserve or other appropriate provision required by the Guarantor, PRC GAAP shall have been made therefor;

(iii) any Lien over goods arising either in favour of a bank issuing a form of documentary credit in connection with the purchase of such goods or by way of retention of title by the supplier of such goods where such goods are supplied on credit, subject to such retention of title, and in both cases where such goods are acquired in the ordinary course of business;

(iv) any right of setoff or combination of accounts arising in favour of any bank or financial institution as a result of the day-to-day operation of customary banking arrangements;

(v) any Lien either over any asset acquired after the Issue Date which is in existence at the time of such acquisition or in respect of the obligations of a Person which becomes the Guarantor's Subsidiary or which merges with and into the Guarantor after the Issue Date which is in existence at the date on which it becomes the Guarantor's Subsidiary, as the

case may be, and in both cases any replacement thereof created in connection with the refinancing (together with interest, fees and other charges attributable thereto) of the Indebtedness originally secured (but the principal amount secured by any such Lien may not be increased); provided that any such Lien was not incurred in anticipation of such acquisition or of such company becoming the Guarantor's Subsidiary or being merged with and into the Guarantor, as the case may be;

(vi) any Lien created on any property or asset securing Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement, development, alteration or repair of all or any part thereof; provided, however, that (A) any such Lien shall be confined to the property or asset acquired, leased or developed (including improved, constructed, altered or repaired); (B) the principal amount of the debt encumbered by such Lien shall not exceed the cost of the acquisition or development of such property or asset or any improvement thereto (including any construction, repair or alteration) or thereon and (C) any such Lien shall be created concurrently with or within one year following the acquisition, lease or development (including construction, improvement, repair or alteration) of such property or asset;

(vii) any Lien pursuant to any order of attachment, execution, enforcement, distraint or similar legal process arising in connection with court proceedings; provided that such process is effectively stayed, discharged or otherwise set aside within 30 calendar days;

(viii) any Lien created or outstanding in favour of the Guarantor or any of its Subsidiaries;

(ix) any easement, right-of-way, licenses, restriction on the use of property or assets, minor imperfections in title, zoning and similar restriction and other similar charge or encumbrance not interfering with the ordinary course of business of the Guarantor or any of its Subsidiaries;

(x) any lease, sublease, license and sublicense granted to any third party and any Lien pursuant to joint venture agreements, operating agreements, development agreements and any other agreements, which are customary in the coal mining industry and in the ordinary course of the business of the Guarantor and its Principal Subsidiaries;

(xi) any Lien on any property or asset to secure all or part of the cost of exploration, excavation, development, production, gathering, processing, marketing of such property or asset or to secure Indebtedness incurred to provide funds for any such purpose;

(xii) any Lien over any property or asset to secure Indebtedness incurred in connection with the construction, installation or financing of pollution control, abatement or remediation facilities;

(xiii) any Lien arising in connection with industrial revenue, development or similar bonds or other indebtedness or means of project financing (not to exceed the value of the project financed and limited to the project financed);

(xiv) any Lien in favour of any government or any subdivision thereof, securing the obligations, including, but not limited to, taxes, assessments and other governmental charges of the Guarantor or any Principal Subsidiaries under any contract or payment owed to such governmental entity pursuant to applicable laws, rules, regulations or statutes;

(xv) any Lien over any property or asset securing Indebtedness of the Guarantor or any Principal Subsidiaries guaranteed by any PRC official government development bank or credit agency or any international or multilateral development bank, government-sponsored agency, export-import bank, agency or credit insurer, or international finance agency (including the World Bank and the International Finance Corporation) or any subdivision, department or division thereof;

(xvi) any Lien imposed by law that was incurred in the ordinary course of business, including, without limitation, carriers', warehousemen's and mechanics' liens and other similar encumbrances arising in the ordinary course of business, in each case for sums not yet due or being contested in good faith by appropriate proceedings;

(xvii) any right arising in connection with the sale or other transfer of coal or other mineral resources in place for a period of time until, or in an amount such that, the transferee will realise therefrom a specified amount (however determined) of such coal or other mineral resources or a specified amount of money, or the sale or other transfer of any other interest in property of the character commonly referred to as a production payment or overriding royalty;

(xviii) any pledge or deposit made in connection with workers' compensation, unemployment insurance or other similar social security legislation, any deposit to secure appeal bonds in proceedings being contested in good faith to which the Guarantor or any of its Subsidiaries is a party, good faith deposits in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which the Guarantor or such Subsidiaries, as the case may be, is a party or deposits for the payment of rent, in each case made in the ordinary course of business;

(xix) any Lien in favour of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of the Guarantor or any of its Subsidiaries in the ordinary course of business and not for speculative purposes;

(xx) any Lien created in connection with any sale and leaseback transaction, subject to the limitation set forth below under Condition 4(c);

(xxi) any renewal or extension of any of the Liens described in the foregoing clauses which is limited to the original property or asset covered thereby;

(xxii) any Lien in respect of Indebtedness of the Guarantor or any of its Subsidiaries with respect to which the Guarantor or such Subsidiaries has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor or such Subsidiaries, as the case may be, in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full); or

(xxiii) any Lien securing obligations under hedging agreements to manage financing costs.

(b) **Limitation on Dividend and Other Payment Restrictions Affecting Yancoal:** Except as provided below, the Guarantor will not create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of Yancoal to:

(i) pay dividends or make any other distributions on any shares of Yancoal owned by the Guarantor or any of its Subsidiaries;

(ii) pay any Indebtedness or other obligation owed to the Guarantor or any of its Subsidiaries;

(iii) make loans or advances to the Guarantor or any of its Subsidiaries; or

(iv) sell, lease or transfer any of its property or assets to the Guarantor or any of its Subsidiaries.

The foregoing restriction will not apply to any encumbrance or restriction:

(A) existing in agreements as in effect on the Issue Date, or in the Bonds, the Guarantee or the Trust Deed, and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; provided that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Bondholders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

(B) arising or existing under or by reason of applicable law, rule, regulation or order;

(C) that otherwise would be prohibited by this Clause if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Guarantor or any Principal Subsidiary not otherwise prohibited by the Trust Deed or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Guarantor or any Principal Subsidiary in any manner material to the Guarantor or any Principal Subsidiary;

(D) any Lien existing permitted under Condition 4(a); and

(E) existing in customary provisions in leases, licenses, joint venture agreements and other similar agreements permitted under the Trust Deed, to the extent such encumbrance or restriction relates to the activities or assets of a Principal Subsidiary (as determined in good faith by the Board of Directors) and provided that (i) the encumbrances or restrictions are customary for a lease, license, joint venture or similar agreement of that type and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect the ability of the Guarantor to make the required payments on the Bonds.

(c) **Limitation on Sale and Leaseback Transactions:** The Guarantor shall not, and shall not cause or permit any Principal Subsidiary to, enter into any Sale and Leaseback Transaction with any Person (not including any such transaction with any Principal Subsidiary) for a period, including renewals, in excess of three years of any Principal Property which has been owned by the Guarantor or a Principal Subsidiary for more than six months unless either:

(i) the Guarantor or such Principal Subsidiary would be permitted under Condition 4(a) to create, incur or permit to exist a Lien on the Principal Property to secure Indebtedness (or any guarantees or indemnity in respect thereof) (without equally and rateably securing the Bonds with such Indebtedness) at least equal in amount to the Attributable Value of the Sale and Leaseback Transactions; or

(ii) the Guarantor or such Principal Subsidiary, within 120 calendar days after such sale or transfer, (x) applies, in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof or, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value of the Principal Property so leased (as determined in good faith by any two members of the Board of Directors of the Guarantor or such Principal Subsidiary) to (A) the retirement of Indebtedness of the Guarantor or such Principal Subsidiary ranking prior to or on parity with the Bonds, incurred or assumed by the Guarantor or such Principal Subsidiary, which by its terms matures at, or is extendible or renewable at the option of the obligor to, a date more than 12 months after the date of incurring or assuming such Indebtedness; provided, however, that in connection with such application, the Guarantor or such Principal Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount of such Indebtedness so voluntarily retired by the Guarantor or such Principal Subsidiary; or (B) the purchase of other property which will constitute a Principal Property having a fair market value (as determined in good faith by any two members of Board of Directors of the Guarantor or such Principal Subsidiary) at least equal to the fair market value of the Principal Property leased in such Sale and Leaseback Transaction; or (y) deposits, in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof into an escrow account which is used solely for the purpose of providing for the Guarantor's or such Principal Subsidiary's obligations under the Sale and Leaseback Transaction.

(d) **Consolidation, Merger and Sale of Assets:** Neither the Guarantor nor the Issuer may consolidate with or merge into any other Person in a transaction in which the Guarantor or the Issuer, as the case may be, is not the surviving entity, or convey, transfer or lease its or its Principal Subsidiaries' properties and assets substantially as an entirety to any Person unless:

(i) any Person formed by such consolidation or into which the Guarantor or the Issuer, as the case may be, is merged or to whom the Guarantor or the Issuer, as the case may be, has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation, partnership, trust or other entity validly existing under the laws of the PRC, Hong Kong or the Cayman Islands and such Person expressly assumes all the obligations of the Guarantor or the Issuer under the Bonds, the Trust Deed or the Guarantee, as the case may be;

(ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(iii) if, as a result of the transaction, any property or asset of the Issuer, the Guarantor or any of their respective Subsidiaries would become subject to a Lien that would not be permitted under Condition 4(a), the Guarantor, the Issuer or such successor Person takes such steps as shall be necessary to secure the Bonds at least equally and rateably with the Indebtedness (or any guarantees or indemnity in respect thereof) secured by such Lien or by such other Lien as shall have been approved by holders of the Bonds by Extraordinary Resolution pursuant to the Trust Deed;

(e) **Notification to NDRC:** The Issuer undertakes that it will within 10 PRC Business Days after the Issue Date (i) file or cause to be filed with the National Development and Reform Commission (the "**NDRC**") requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》(發改外資(2015)2044號) issued by the NDRC and effective from 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-Issuance Filing**"); (ii) provide the Trustee with a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory of the Issuer confirming the submission of the NDRC Post-Issuance Filing; and (iii) give notice confirming the submission of the NDRC Post-Issuance Filing to the Bondholders in accordance with Condition 16.

(f) **Undertakings in relation to the Guarantee:** The Guarantor shall (i) register or cause the Deed of Guarantee to be registered with SAFE within 15 PRC Business Days of the execution of the Deed of Guarantee, in accordance with the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee《跨境擔保外匯管理規定》promulgated by SAFE on 12 May 2014 and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee《跨境擔保外匯管理操作指引》promulgated by SAFE on 12 May 2014 ("**Cross-Border Security Registration**"); (ii) use its best endeavours to complete the Cross-Border Security Registration on or before the Registration Deadline and obtain a valid SAFE outbound guarantee registration form and related business registration evidence 《業務登記憑證》from SAFE or any other document evidencing the completion of registration issued by SAFE; (iii) within 10 PRC Business Days after receipt of such registration evidence from SAFE, provide the Trustee with a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the Cross-Border Security Registration; (iv) within 10 PRC Business Days after receipt of such registration evidence from SAFE, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the Cross-Border Security Registration; and (v) ensure that the registration from SAFE in respect of the giving of the Guarantee of the Bonds remains in full force and effect for so long as the Bonds remain outstanding.

(g) **Financial Reports:** So long as any Bond remains outstanding (as defined in the Trust Deed), the Guarantor has undertaken in the Trust Deed to provide the Trustee with (i) a copy of the relevant Guarantor Audited Financial Reports within 120 days of the end of each Relevant Period prepared in accordance with PRC GAAP (audited by a nationally recognised firm of independent accountants, including without limitation, the Guarantor's existing auditors or any firm of independent accountants with similar standing to the Guarantor's existing auditors in the PRC) and a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance); and (ii) a copy of the Guarantor Unaudited Financial Reports prepared on a basis consistent with the Guarantor Audited Financial Reports within 60 days of the end of each Relevant Period and a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance), and if such statements referred to in this Condition 4(g) shall be in the Chinese language, together with an English translation of the same translated by a nationally recognised firm of independent accountants, including without limitation, the Guarantor's existing auditors or any firm of independent accountants with similar standing to the Guarantor's existing auditors in the PRC and a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate.

(h) **Definitions:** In these Conditions:

(i) "**Adjusted Consolidated Net Worth**" means the sum of the shareholders' equity as determined under PRC GAAP and Subordinated Indebtedness;

(ii) "**Attributable Value**" means, at the time of determination, the lesser of (A) the fair market value of the Principal Property subject to the Sale and Leaseback Transaction (as determined in good faith by any two members of the Guarantor's Board of Directors) and (B) the present value (discounted at a rate equal to the rate of interest on the Bonds, compounded semi-annually) of the total amount of rent required to be paid under such lease during the remaining term thereof, including any period for which such lease has been extended. Such rental payments shall not include amounts payable by or on behalf of the lessee on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges;

(iii) "**Authorised Signatory**" has the meaning set out in the Trust Deed;

(iv) "**Consolidated Total Assets**" means the consolidated total assets of the Guarantor and its Subsidiaries as shown on the Guarantor's most recent audited consolidated balance sheet;

(v) "**Guarantor Audited Financial Reports**" means the annual audited consolidated balance sheet, income statement, statement of cash flows of the Guarantor and its Subsidiaries and statements of changes in owners' equity of the Guarantor together with any statements, reports (including any directors' and auditors' reports) and notes attached to or intended to be read with any of them;

(vi) "**Guarantor Unaudited Financial Reports**" means the semi-annual unaudited consolidated balance sheet, income statement, statement of cash flows of the Guarantor and its Subsidiaries and statements of changes in owners' equity of the Guarantor together with any statements, reports (including any directors' and auditors' review reports, if any) and notes attached to or intended to be read with any of them;

(vii) "**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China;

(viii) "**Indebtedness**" means at any date, without duplication, (A) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument, excluding trade payables, (B) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (C) all Indebtedness of others guaranteed by such Person; provided, however, that, for the purpose of determining the amount of the Guarantor's

Indebtedness outstanding at any relevant time, the amount included as the Guarantor's Indebtedness in respect of finance leases shall be the net amount from time to time properly characterized as "obligations under finance leases" in accordance with the PRC GAAP;

(ix) "**Lien**" means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind;

(x) "**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency of political subdivision thereof or any other entity;

(xi) "**PRC**" means the People's Republic of China which, for the purposes of these Conditions, shall not include Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;

(xii) "**PRC Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in the PRC;

(xiii) "**PRC GAAP**" means the Accounting Standards for Business Enterprises in the PRC;

(xiv) "**Principal Property**" means any real property owned at the Issue Date or thereafter acquired by the Guarantor or a Principal Subsidiary, the gross book value (including related land and improvements thereon, reserves and all machinery and equipment included therein) of which, on the date as of which the determination is being made, exceeds 10 per cent. of the Guarantor's Consolidated Total Assets;

(xv) "**Principal Subsidiary**" means one of the subsidiaries:

(A) as to which one or more of the following conditions is/are satisfied:

(i) its total revenue or, in the case where it has one or more Subsidiaries, its consolidated total revenue attributable to the Guarantor is at least 10 per cent. of the Guarantor's consolidated total revenue; or

(ii) its profit for the year or, in the case where it has one or more Subsidiaries, its consolidated profit for the year attributable to the Guarantor (before taxation and exceptional items) is at least 10 per cent. of the Guarantor's consolidated profit for the year (before taxation and exceptional items); or

(iii) its total assets or, in the case where it has one or more Subsidiaries, its consolidated net assets attributable to the Guarantor (after deducting minority interests in Subsidiaries) are at least 10 per cent. of the Guarantor's total assets (after deducting minority interests in Subsidiaries),

in each case as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) provided that: (1) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest relevant audited financial statements relate, the reference to the then-latest audited financial statements for the purposes of the calculation above shall, until audited financial statements for the financial period in which the acquisition is made are published, be deemed to be a reference to the financial statements adjusted to consolidate the latest audited financial statements of the Subsidiary in the financial statements; (2) if, in the case of a Subsidiary of the Guarantor which itself has one or more Subsidiaries, no consolidated financial statements are prepared and audited, its consolidated total revenue, profit for the year and total assets shall be determined on the basis of pro forma consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the financial statements of a Subsidiary of the Guarantor (not being a Subsidiary referred to in clause (1) above)

are not consolidated with those of the Guarantor then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if the Guarantor requires, be based on a pro forma consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Guarantor and its Subsidiaries; or

(B) to which is transferred all or substantially all of the assets of the Guarantor's Subsidiary which immediately prior to the transfer was a Principal Subsidiary, provided that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (A) above) and the Guarantor's Subsidiary to which the assets are so transferred shall become a Principal Subsidiary.

In these Conditions, references to a Principal Subsidiary shall mean such Principal Subsidiary of the Guarantor. A certificate of the Guarantor's auditors as to whether or not the Guarantor's Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error;

(xvi) "**Registration Deadline**" means the day falling 90 calendar days after the Issue Date;

(xvii) "**Relevant Period**" means (A) in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor's financial year and (B) in relation to the Guarantor Unaudited Financial Reports, each period of six months ending on the last day of the Guarantor's first half financial year;

(xviii) "**SAFE**" means State Administration of Foreign Exchange of the PRC;

(xix) "**Sale and Leaseback Transaction**" means any transaction or series of related transactions pursuant to which the Guarantor or any of its Principal Subsidiaries sells or transfers any Principal Property to any Person with the intention of taking back a lease of such Principal Property pursuant to which the rental payments are calculated to amortise the purchase price of such Principal Property substantially over the useful life thereof and such Principal Property is in fact so leased. For purposes of this definition, a Sale and Leaseback Transaction shall not include any transaction relating to farm-in and farm-out agreements, operating agreements, development agreements, and any other similar arrangements which are customary in the coal industry or in the ordinary course of business of the Guarantor and any of its Principal Subsidiary;

(xx) "**Subordinated Indebtedness**" means any indebtedness (including perpetual debt, which the Issuer or Guarantor is not required to repay) which (A) has a final maturity and a weighted average life to maturity longer than the remaining life to maturity of the Bonds and (B) is issued or assumed pursuant to, or evidenced by, an indenture or other instrument containing provisions for the subordination of such Indebtedness to the Bonds including (I) a provision that in the event of the Issuer's or the Guarantor's bankruptcy, insolvency or other similar proceeding, the holders of the Bonds shall be entitled to receive payment in full in cash of all principal, Additional Tax Amounts and interest on the Bonds (including all interest arising after the commencement of such proceeding whether or not an allowed claim in such proceeding) before the holder or holders of any such Subordinated Indebtedness shall be entitled to receive any payment of principal, interest or premium thereon, (II) a provision that, if an Event of Default has occurred and is continuing under the Trust Deed, the holder or holders of any such Subordinated Indebtedness shall not be entitled to payment of any principal, interest or premium in respect thereof unless or until such Event of Default shall have been cured or waived or shall have ceased to exist, and (III) a provision that the holder or holders of such Subordinated Indebtedness may not accelerate the maturity thereof as a result of any default relating thereto so long as any Bond is outstanding;

(xxi) "**Subsidiary**" means, with respect to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(A) of which a majority of the outstanding voting shares is, directly or indirectly, owned by the first Person;

(B) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(C) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person,

and for the purposes of this definition, "**control**" means the right to appoint and/or remove all or the majority of the members of the board of directors or other governing body of a Person, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; and

(xxii) "**Yancoal**" means Yanzhou Coal Mining Company Limited (600188.SH, 1171.HK, YZCAY.OO), a joint stock limited company incorporated with limited liability in the PRC and its successor.

5 Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 2.90 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$14.50 per Calculation Amount (as defined below) on 30 May and 30 November in each year (each an "**Interest Payment Date**"), commencing on 30 May 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder, and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day–count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

Where the Calculation Amount changes during an Interest Period, the amount of interest payable shall be calculated by applying the day-count fraction to each Calculation Amount for the period during which such Calculation Amount was applicable in such Interest Period and aggregating the results for the entire such Interest Period.

6 Redemption and Purchase

(a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 30 November 2024. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition.

(b) **Redemption for Taxation Reasons:**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and to the Trustee and the Principal Paying Agent in writing, at their principal amount (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or the PRC (in the case of a payment by the Issuer) or the Cayman Islands or the PRC (in the case of a payment by the Guarantor) or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 23 November 2021, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate signed by an Authorised Signatory of the Issuer (or a certificate signed by an Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change in or amendment to laws or regulations or change in the application or official interpretation thereof, and the Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event the same shall be conclusive and binding on the Bondholders.

Notwithstanding anything to the contrary herein, the Issuer shall not redeem the Bonds in the case that Additional Tax Amounts are payable in respect of PRC withholding tax at a rate of 10 per cent. or less solely as a result of the Issuer, the Guarantor or any successor Person being considered a PRC tax resident under the PRC Enterprise Income Tax Law.

(c) **Redemption for Change of Control Event:**

Following the occurrence of a Change of Control Event, each Bondholder will have the right (the "**Change of Control Put Right**"), at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds on the Change of Control Put Settlement Date (as defined below in this Condition 6(c)) at 101 per cent. of their principal amount (together with interest accrued up to but excluding the Change of Control Put Settlement Date). In order to exercise such right, the holder of the relevant Bond must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**Change of Control Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following the occurrence of such Change of Control Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**Change of Control Put Settlement Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above. A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Settlement Date.

The Issuer shall, and the Guarantor shall procure to Issuer to, give notice in writing to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days following the first day on which the Issuer or the Guarantor becomes aware of the occurrence of such Change of Control Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

Neither the Trustee nor the Agents shall have any obligation or duty to monitor whether any Change of Control Event has occurred or may occur, and none of them shall be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

(d) **Redemption for No Registration Event:**

Following the occurrence of a No Registration Event, the Bondholders will have the put right (the "**No Registration Event Put Right**"), at such Bondholder's option, to require the Issuer to redeem all, but not some only, of such Bondholder's Bonds on the No Registration Event Put Settlement Date (as defined below in this Condition 6(d)) at their principal amount, together with interest accrued up to but excluding the No Registration Event Put Settlement Date)). To exercise such right, each Bondholder must deposit at the specified office of the Principal Paying Agent or any other Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Principal Paying Agent or any other Paying Agent (a "**No Registration Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a No Registration Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16.

The "**No Registration Event Put Settlement Date**" shall be the fifth day after the expiry of such period of 30 days as referred to above.

A No Registration Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of No Registration Event Put Exercise Notices delivered as aforesaid on the No Registration Event Put Settlement Date.

Not later than five days following the day on which the Issuer or the Guarantor becomes aware of a No Registration Event, the Guarantor shall procure that notice from the Issuer regarding such No Registration Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Bondholders (in accordance with Condition 16) stating:

(i) the No Registration Event Put Settlement Date;

(ii) the date of the No Registration Event and, briefly, the events causing, the No Registration Event;

(iii) the date by which the No Registration Event Put Exercise Notice must be given;

(iv) the redemption amount;

(v) the names and addresses of the Principal Paying Agent;

(vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the No Registration Event Put Right; and

(vii) that a No Registration Event Put Exercise Notice, once validly given, may not be withdrawn.

Neither the Trustee nor the Agents shall be required to monitor or to take any steps to ascertain whether a No Registration Event or any event which could lead to a No Registration Event has occurred or may occur and none of them shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Registration Conditions and none of them shall be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

(e) **Purchase:** The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at **meetings** of the Bondholders or for the purposes of Conditions 9, 12(a) or 13.

(f) **Notice of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Change of Control Put Exercise Notice or No Registration Event Put Exercise Notice given by a Bondholder pursuant to Condition 6(c) and 6(d) respectively), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any of the aforementioned notices of redemption and none of them shall be liable to the Bondholders, the Issuer or any other person for not doing so.

(g) **Cancellation:** All Certificates representing Bonds purchased by or on behalf of the Issuer, the Guarantor or any such Subsidiary shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(h) **Definitions:** In these Conditions:

(i) "**Change of Control Event**" means the occurrence of one of more of the following events:

(A) the Guarantor ceases to have Control of the Issuer;

(B) the Controlling Person(s) ceases to have Control of the Guarantor;

(C) the Guarantor ceases to have Control of Yancoal; or

(D) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any Person or Persons, acting together, unless (I) the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity or (II) such Person(s) are Controlled by the Controlling Person(s);

(ii) "**Control**" means (where applicable), with respect to a Person, (A) the ownership, acquisition or control of the Relevant Percentage of the voting rights of the issued share capital of such Person, whether obtained directly or indirectly or (B) the right to appoint and/or remove the majority of the members of the Person's Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

(iii) "**Controlling Person(s)**" means entities controlled (directly or indirectly) by the PRC government;

(iv) "**No Registration Event**" means a failure to satisfy the Registration Conditions by the Registration Deadline;

(v) "**Registration Conditions**" means the receipt by the Trustee of (A) a certificate in English from the Guarantor signed by an Authorised Signatory of the Guarantor, substantially in the form set out in Schedule 4 of the Trust Deed, confirming the completion of the Cross-Border Security Registration and (B) a copy of the relevant SAFE registration record relating to the registration of the Guarantee of the Bonds with SAFE and the particulars of registration, each certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor; and

(vi) "**Relevant Percentage**" means (A) in the case of Control of the Guarantor over the Issuer, 100 per cent., (B) in the case of Control of the Controlling Person(s) over the Guarantor, 100 per cent., (C) in the case of Control of the Guarantor over Yancoal, more than 40 per cent., and (D) in the case of Control of a Person (which the Guarantor is consolidated with or merged into, or to which the assets of the Guarantor are sold or transferred) over the Guarantor, more than 50 per cent. or in the case of a Controlling Person(s) over such Person, more than 50 per cent..

7 Payments

(a) **Method of Payment:**

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below by transfer to the registered account of the Bondholder.

(ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made by transfer to an account in the relevant currency maintained by the payee with a bank.

(iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

*So long as the Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder of the Global Certificate in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(c) **Payment Initiation:** Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value the due date, or if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment, or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents:** The Principal Paying Agent, the Registrar, and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar, and the Transfer Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, or any Transfer Agent and to appoint additional or other Transfer Agents and/or Paying Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar with a specified office outside the United Kingdom, (iii) a Transfer Agent, and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office of any Agent shall promptly be given by the Issuer to the Bondholders in accordance with Condition 16.

(e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

(f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business in London, New York City, Hong Kong and the place in which the specified office of the Principal Paying Agent is located.

8 Taxation

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Cayman Islands or the PRC or, in either case, any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 23 November 2021 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (a) by or within the PRC in excess of the Applicable Rate or (b) by or within the Cayman Islands, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

(i) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Cayman Islands or the PRC, other than the mere holding of the Bond; or

(ii) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any additional tax amounts which may be payable under this Condition 8 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

"**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, assessments, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, charges, assessments, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, assessments, withholding or other payment imposed by or in any jurisdiction.

9 Events of Default

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by holders of at least 20 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (provided in any such case that the Trustee shall have first been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued but unpaid interest:

(a) **Non-Payment:** the Issuer and the Guarantor each fails to pay the principal of or any premium or interest on any of the Bonds when due and, in the case of failure to pay interest, such failure continues for a period of 30 days; or

(b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in (i) Conditions 4(d), 6(c) or 6(d), or (ii) the Bonds or the Trust Deed or under the Deed of Guarantee which default in the opinion of the Trustee is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 45 days after notice of such default shall have been given to the Issuer or the Guarantor by the Trustee; or

(c) **Cross-Acceleration:** (i) a failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness of the Guarantor, the Issuer or any Subsidiary of the Guarantor, (ii) acceleration of the maturity of any Indebtedness of the Guarantor, the Issuer or any Subsidiary of the Guarantor following a default by the Guarantor, the Issuer, or such Subsidiary, if such Indebtedness is not discharged, or such acceleration is not annulled, or (iii) failure to pay any amount payable by the Guarantor, the Issuer or any Subsidiary of the Guarantor under any guarantee or indemnity in respect of any Indebtedness of any other Person if such obligation is not discharged or otherwise satisfied; provided, however, that no such event set forth in (i), (ii) or (iii) of this Condition 9(c) shall constitute an Event of Default unless the aggregate outstanding Indebtedness to which all such events relate exceeds U.S.$50,000,000 (or its equivalent in any other currency); or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or the Guarantor or any of the Guarantor's Principal Subsidiaries and is not discharged or stayed within 30 days; or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of the Principal Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

(f) **Insolvency:** the Issuer or the Guarantor or any of the Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries; or

(g) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or the Guarantor or any of the Principal Subsidiaries, or the Issuer, the Guarantor or the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee acting on an Extraordinary Resolution of the Bondholders, or (ii) in the case of any Principal Subsidiary, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer or (as the case may be) the Guarantor or another of the Principal Subsidiaries; or

(h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries; or

(i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Deed of Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed or the Deed of Guarantee; or

(k) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(a) to 9(j) (both inclusive); or

(l) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

Each of the Issuer and the Guarantor has undertaken in the Trust Deed that, at the same time as the Guarantor Audited Financial Reports and Guarantor Unaudited Financial Reports are provided, and also within 14 days after any request by the Trustee, it will send to the Trustee a certificate in English in the form scheduled to the Trust Deed signed by a director of the Issuer who is also an Authorised Signatory of the Issuer or, as the case may be, signed by a director of the Guarantor who is also an Authorised Signatory of the Guarantor, to the effect that as at a date not more than five days prior to the date of the certificate, no Event of Default or event or circumstance that could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 9 become an Event of Default has occurred (or, if such an event had occurred, giving details of it) and that the Issuer or the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the Deed of Guarantee and the Bonds.

10 Prescription

Claims against the Issuer or the Guarantor for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case following payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice) or as may be required by the Registrar or the relevant Transfer Agent (as the case may be) may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12 Meetings of Bondholders, Modification, Waiver and Substitution

(a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than fifty per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Deed of Guarantee (other than pursuant to Condition 12(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Bonds for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution passed in writing will be binding on all Bondholders whether or not they participated in such written resolution.

(b) **Modification of the Trust Deed:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any

breach or proposed breach of, or any failure to comply with, any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee, that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, waiver or authorisation shall be notified to the Bondholders by the Issuer as soon as practicable thereafter in accordance with Condition 16.

(c) **Substitution:** The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and the Deed of Guarantee and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of any other company in place of the Issuer or the Guarantor, or of any previous substituted company, as principal debtor or guarantor under the Trust Deed, the Deed of Guarantee and the Bonds. In the case of such a substitution, the Trustee may (but is not obliged to) agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed and/or the Deed of Guarantee provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Under the Trust Deed, the Trustee may (but is not obliged to) agree or require the Issuer to use all reasonable endeavours to procure the substitution as principal debtor under the Trust Deed and the Bonds of a company incorporated in some other jurisdiction in the event of the Issuer becoming subject to any form of tax on its income or payments in respect of the Bonds.

(d) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 Enforcement

At any time after the Bonds become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings and/or take such steps and/or actions against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed and the Bonds and/or the Deed of Guarantee, but it need not institute any such proceedings, take such steps and/or actions unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least twenty per cent. in aggregate principal amount of the Bonds then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including without limitation provisions relieving it from taking proceedings to enforce payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit.

The Trustee may rely without liability to Bondholders on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation,

certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders. The Trustee shall not be responsible or liable to the Issuer, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on such report, information, confirmation, certificate, opinion or advice.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders. The Trustee shall not be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by it in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely conclusively on any direction or instruction of Bondholders (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds).

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default, Change of Control Event or No Registration Event has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions.

The Trustee shall have no obligation to monitor or take any steps to ascertain whether an Event of Default, a Potential Event of Default, a Change of Control Event and/or a No Registration Event has occurred and shall not be liable to the Bondholders or any other person for not doing so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility or liability for the same and each Bondholder shall not rely on the Trustee in respect thereof.

15 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds either having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them and the timing for complying with the Registration Conditions and the making of the Cross-Border Security Registration and the NDRC Post-Issuance Filing) and so that such further issue shall be consolidated and form a single series with the outstanding bonds of any series (including the Bonds) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 15 and consolidated and forming a single series with the Bonds. Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

16 Notices

Notices to the holders of Bonds shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. The Issuer and the Guarantor shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held by or on behalf of Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System (as defined in the form of the Global Certificate), any notice to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and/or such Alternative Clearing System, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 Contracts (Rights of Third Parties) Act 1999

Save as contemplated in Condition 13, no person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act and is without prejudice to the rights of the Bondholders as set out in Condition 13.

18 Governing Law and Jurisdiction

(a) **Governing Law:** The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Agency Agreement, the Bonds or the Deed of Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Deed of Guarantee and/or the Agency Agreement ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed, and the Guarantor has in the Deed of Guarantee, irrevocably submitted to the jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably appointed in the Trust Deed Yankuang Group (Hong Kong) Limited to receive service of process in any Proceedings in Hong Kong based on any of the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement at the principal place of business of Yankuang Group (Hong Kong) Limited in Hong Kong (currently at Room 2007, 20/F, Tower One, Lippo Centre, 89 Queensway, Admiralty, Hong Kong). If for any reason Yankuang Group (Hong Kong) Limited shall cease to be such agent for service of process, each of the Issuer and the Guarantor shall promptly appoint a new agent in Hong Kong to accept service of process on its behalf and shall deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days of such cessation.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions set out in this Offering Circular. The following is a summary of certain of those provisions.

Terms defined in the Terms and Conditions set out in this Offering Circular have the meaning in the paragraphs below.

The Bonds will be represented by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depositary on behalf of Euroclear and Clearstream.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an "Alternative Clearing System") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

Payment

So long as the Bonds are represented by the Global Certificate, each payment in respect of the Global Certificate will be made to, or to the order of, the person shown as the holder of the Bonds in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day immediately prior to the due date for such payments, where "Clearing System Business Day" means Monday to Friday, inclusive except 25 December and 1 January.

The Issuer and the Guarantor, for value received, promises to pay to the holder of the Bonds represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions) the amount payable upon redemption under the Conditions in respect of the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or such Alternative Clearing System, for communication by it to accountholders entitled to an interest in the Bonds in substitution for notification as required by the Terms and Conditions.

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by this Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.$1,000 in principal amount of Bonds for which the Global Certificate is issued.

Bondholder's Redemption

The Bondholder's redemption option in Condition 6(c) (*Redemption for Change of Control*) and Condition 6(d) (*Redemption for No Registration Event*) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions.

Issuer's Redemption

The option of the Issuer provided for in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

Transfers

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

Cancellation

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer, the Guarantor or any of their respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

USE OF PROCEEDS

The Issuer estimates that the net proceeds of this offering of the Bonds, after deducting underwritings commission and other estimated expenses payable in connection with this offering, will be approximately USD497 million. The Issuer intends to use the net proceeds for general corporate purposes, including repayment of indebtedness and replenishment of working capital.

The foregoing represents our current intentions regarding the use and allocation of the net proceeds of this offering based upon our current plans and business conditions. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this Offering Circular subject to the applicable PRC laws and regulations.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Group's capitalisation and indebtedness as of 30 June 2021, as adjusted to give effect to the issuance of the Bonds offered hereby. Investors should read this table in conjunction with the Group's consolidated financial statements as of, and for the six months ended 30 June 2021 and related notes included elsewhere in this Offering Circular.

	As of 30 June 2021			
	Actual (Reviewed)		As adjusted	
	(RMB'000)	(USD'000[1])	(RMB'000)	(USD'000[1])
Indebtedness[2]				
Ultra-short and short-term financing bills	8,067,746	1,249,535	8,067,746	1,249,535
Short-term borrowings	75,194,142	11,646,090	75,194,142	11,646,090
Long-term borrowings due within one year	9,671,022	1,497,851	9,671,022	1,497,851
Bonds payable due within one year	20,311,958	3,145,922	20,311,958	3,145,922
Long-term borrowings	115,531,420	17,893,538	115,531,420	17,893,538
Bonds payable	78,552,168	12,166,182	78,552,168	12,166,182
Others	12,961,201	2,007,434	12,961,201	2,007,434
Bonds offered hereby	–	–	3,228,300	500,000
Total indebtedness[3]	**320,289,658**	**49,606,551**	**323,517,958**	**50,106,551**
Owners' equity				
Paid-in capital	30,221,873	4,680,772	30,221,873	4,680,772
Other equity instruments	29,095,605	4,506,335	29,095,605	4,506,335
Capital reserve	20,474,342	3,171,072	20,474,342	3,171,072
Other comprehensive income	(3,415,070)	(528,927)	(3,415,070)	(528,927)
Special reserve	5,854,545	906,754	5,854,545	906,754
Surplus reserve	385,353	59,684	385,353	59,684
General risk provision	60,613.42	9,388	60,613.42	9,388
Undistributed profits	32,131,629	4,976,556	32,131,629	4,976,556
Minority shareholders' equity	117,851,478	18,252,870	117,851,478	18,252,870
Total owners' equity	**232,660,368**	**36,034,502**	**232,660,368**	**36,034,502**
Total capitalisation[4]	**552,950,025**	**85,641,053**	**556,178,326**	**86,141,053**

Notes:

(1) Calculated at the exchange rate of USD1.00 = RMB6.4566 on 30 June 2021 as set forth in the H.10 statistical release of the Federal Reserve Board.

(2) Indebtedness does not include amounts due to our subsidiaries.

(3) Total indebtedness = ultrashort bond + Ultra-short and short-term financing bills + short-term borrowings + long-term borrowings due within one year + bonds payable due within one year + bond pledge loan + long-term borrowings + bonds payable + others. As of 30 June 2021 and as adjusted to give effect to the issuance of the Bonds offered hereby, there was no bond pledge loan of the Group.

(4) Total capitalisation = total indebtedness + total owners' equity.

The Group and its subsidiaries issue corporate bonds in the domestic and overseas markets from time to time. For details, please see "Description of the Group – Recent Development". Other than as disclosed in this Offering Circular, there has been no material change in the consolidated capitalisation and indebtedness of our Group since 30 June 2021.

The information in the section below has been derived, in part, from various government publications and third-party publications on the energy and resources sectors. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. However, this information has not been independently verified by us or the Joint Lead Managers or any of our and their respective affiliates or advisers. As such, no representation can be made as to the accuracy of the information from official or other third-party sources. Such information may not be consistent with, and may not have been compiled with the same degree of accuracy or completeness as, other information compiled within or outside the PRC. Accordingly, the official and other third-party sources contained herein may not be accurate and should not be unduly relied upon.

Overview

Coal is one of the key sources of primary energy, mainly used in power generation, cement manufacture, steel production and other industrial and domestic fields. According to *BP Statistical Review of World Energy 2021* (the "**BP Statistical Review 2021**"), coal is the dominant fuel in the Asia Pacific region in 2020, accounting for 47.8% of regional energy consumption.

Coal's dominance as an energy source can be attributed to several factors. Coal is more cost-effective than oil and natural gas on a per British thermal unit basis and is believed to provide greater reliability of supply from a wide range of geographic locations than either wind or hydropower. Coal can be conveniently and safely stored and can be conveniently transported by land and water. According to World Coal Association, coal currently serves as the fuel for approximately 37% of global electricity and approximately 70% of steel produced. In addition, coal has generally been regarded as the world's most abundant and cost-effective fossil fuel, with ample global reserves. According to the BP Statistical Review 2021, as of the end of 2020, total global proved coal reserves amounted to an aggregate of 1,074.1 billion tonnes and, at the current rates of production, are able to last for approximately 139 years. In comparison, global proved reserves of oil and natural gas are only able to support production for 58.7 years and 48.8 years, respectively.

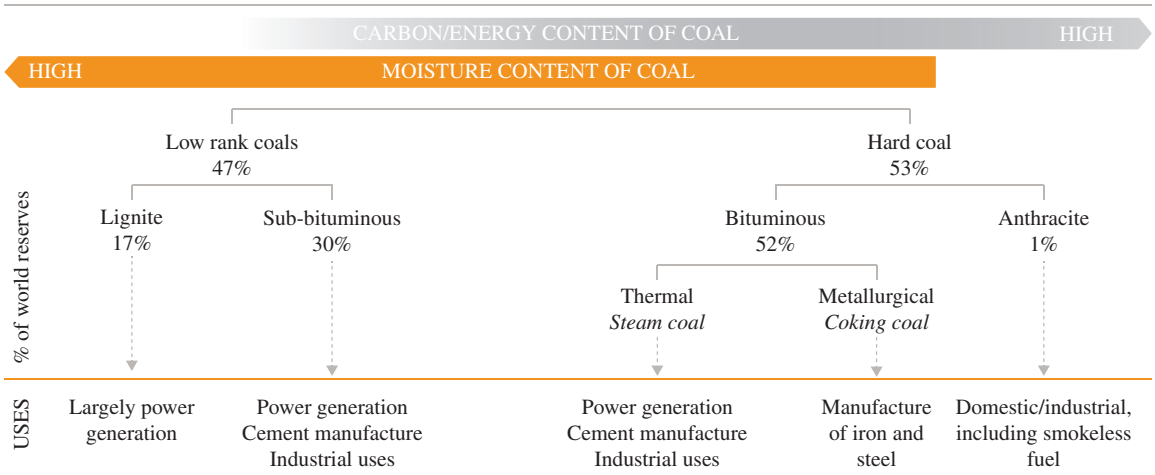
Coal Characteristics

Coal is a combustible, sedimentary, organic rock composed of carbon, hydrogen and oxygen. Coal is a fossil fuel, formed through vegetation and other organic resource, that has been consolidated between other rock strata and altered by the combined effects of pressure and heat over millions of years to form the coal seams mined today.

Generally, coal of all geological composition is further characterised as either thermal coal (or steam coal) or metallurgical coal (or coking coal). Coal has a variety of uses, including electricity generation, coke production for steel making, and industrial uses such as cement manufacture. Thermal coal is primarily used in combustion processes to produce steam for power generation, heating and industrial applications such as cement manufacture. Metallurgical coal is primarily used in steel production. It is used either to produce coke, which is then fed into the top of the blast furnace along with the iron ore; or for pulverised coal injection, where the coal is injected directly into the base of the blast furnace.

The properties of coal depend on organic composition and the "coalification" process. Other than by end use as thermal or metallurgical coal, coal is also ranked by stage of coalification: lignite, sub-bituminous, bituminous and anthracite. The table below shows these stages and how they correlate to end-uses.

Types of coal



Source: World Coal Association, WCA Basic Coal Facts

Coal Reserves

Coal reserves are widely distributed with a large proportion of worldwide reserves situated in the United States, Russia, Australia, China and India. As of 31 December 2020, China accounted for approximately 13.3% of total global proved reserves, respectively, according to the BP Statistical Review 2021. The following chart sets forth the global distribution of proved coal reserves as of 31 December 2020:

	Anthracite and Bituminous	Subbituminous and Lignite	Total	Share of Total
		Million tonnes		
Total North America	**224,444**	**32,290**	**256,734**	**23.9%**
US	218,938	30,003	248,941	23.2%
Other North America	5,506	2,287	7,793	0.7%
Total Europe	**59,084**	**78,156**	**137,240**	**12.8%**
Total CIS	**100,208**	**90,447**	**190,655**	**17.8%**
Russian Federation	71,719	90,447	162,166	15.1%
Other CIS	28,489	–	28,489	2.7%
Total Asia Pacific	**345,313**	**114,437**	**459,750**	**42.8%**
Australia	73,719	76,508	150,227	14.0%
China	135,069	8,128	143,197	13.3%
India	105,979	5,073	111,052	10.3%
Other Asia Pacific	30,546	24,728	55,274	5.1%
Total S. & Cent. America	**8,616**	**5,073**	**13,689**	**1.3%**
Total Middle East & Africa	**15,974**	**66**	**16,040**	**1.5%**
Total World	**753,639**	**320,469**	**1,074,108**	**100.0%**

Source: the BP Statistical Review 2021

Coal Production

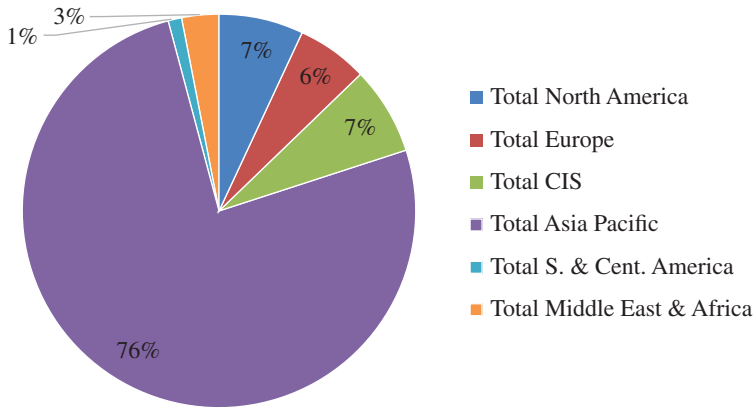
World coal production declined by approximately 5.1%, or 391.8 mtoe in 2020. Production rose by 55.7 mtoe in China. Production has increasingly shifted away from the developed regions in North America and Europe to the Asia Pacific region primarily, which accounted for approximately 75.9% of total global coal production in 2020. China accounted for approximately 50.4% of total global coal production in 2021.

The following chart sets forth the global distribution of coal production from 2016 to 2020:

	2016	2017	2018	2019	2020	2020 Share of Total
			Million tonnes			
Total North America	**734.5**	**776.2**	**752.9**	**701.1**	**530.8**	**6.9%**
Total Europe	**656.7**	**660.1**	**681.3**	**570.0**	**478.5**	**6.2%**
Total CIS	**498.1**	**534.5**	**571.9**	**567.8**	**524.8**	**6.8%**
Total Asia Pacific	**5,221.0**	**5,352.0**	**5,692.1**	**5,918.5**	**5,879.4**	**75.9%**
China	3,410.6	3,523.6	3,697.7	3,846.3	3,902.0	50.4%
Other Asia Pacific	61.4	54.1	52.5	68.7	64.3	0.8%
Total S. & Cent. America	**101.3**	**98.5**	**92.4**	**91.6**	**58.5**	**0.8%**
Total Middle East & Africa	**266.8**	**280.4**	**284.6**	**284.3**	**269.6**	**3.5%**
Total World	**7,478.4**	**7,701.8**	**8,075.2**	**8,133.4**	**7,741.6**	**100.0%**

Source: the BP Statistical Review 2021

The following chart sets forth the global distribution of coal production in 2020:



Source: the BP Statistical Review 2021

Coal Consumption

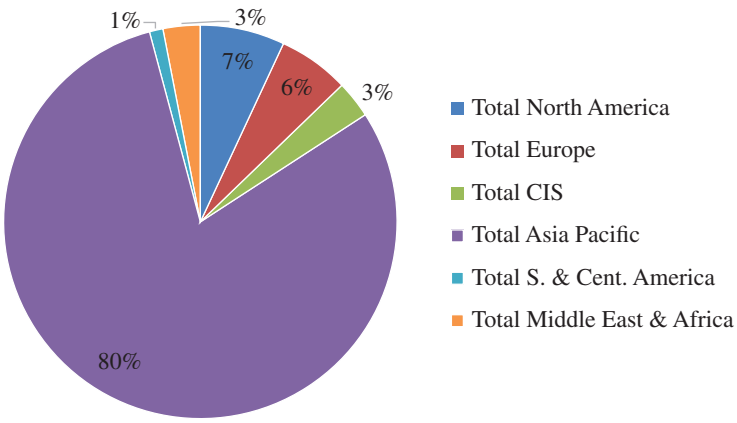
Global coal consumption decreased by approximately 4.2%, or 6.22 EJ in 2020, with China consumption increased by 0.3% or 0.48 EJ in 2020. OECD demand fell for the seventh year in a row (-16.17 EJ). Coal's share in primary energy fell to 27.2%.

The following chart sets forth the global distribution of coal consumption from 2016 to 2020:

	2016	2017	2018	2019	2020	2020 Share of Total
			Exajoules			
Total North America	**15.55**	**15.29**	**14.50**	**12.52**	**9.91**	**6.5%**
Total Europe	**13.70**	**13.23**	**12.90**	**11.13**	**9.40**	**6.2%**
Total CIS	**5.33**	**5.22**	**5.56**	**5.45**	**5.17**	**3.4%**
Total Asia Pacific	**115.90**	**117.57**	**120.30**	**122.37**	**120.97**	**79.9%**
China	80.5	80.9	81.4	82.0	82.4	54.4%
Other Asia Pacific	35.4	36.7	38.9	40.3	38.6	25.5%
Total S. & Cent. America	**1.5**	**1.4**	**1.4**	**1.5**	**1.5**	**1.0%**
Total Middle East & Africa	**4.7**	**4.7**	**4.6**	**4.7**	**4.5**	**3.0%**
Total World	**156.6**	**157.4**	**159.3**	**157.6**	**151.4**	**100.0%**

Source: the BP Statistical Review 2021

The following chart sets forth the global distribution of coal consumption in 2020:



Source: the BP Statistical Review 2021

Coal Price

Coal is classified as a bulk commodity and is commonly traded by contract or on a relatively small spot market. International coal purchase contracts will typically be made through tender, negotiated tender, invitations to bid and commercial negotiation processes. A purchaser will assess alternative thermal coal sources by considering the competitiveness of the delivered prices, the coal's quality and its consistency, supply security and diversification, proved coal reserves, infrastructure capacity and availability, market reputation as well as the political stability of supply countries. Globally, coal export contract negotiations are typically held quarterly/annually to establish the benchmark prices for certain types of coal, although there are regional variations and some contracts are linked to indices. In Europe, the coal market is highly commoditized and market indices are well established, whereas Asia Pacific coal markets have been moving from a system denominated by contracted supply toward a more balanced one involving purchase by contract, tender and spot market. Global coal prices are generally subject to the following factors:

- prevailing supply and demand conditions in the global coal market;
- general economic conditions, including the conditions of global and local economies, which affect the downstream industries utilising coal, such as electricity generation and steel production;
- the coal type, net calorific value and the content level of impurities, such as sulfur and ash. For example, thermal coal prices are dependent on the energy level of the coal, while metallurgical coal prices are dependent on the metallurgical coal characteristics of the coal; and
- the cost of transportation, which comprises a large proportion of the price of coal.

The following chart sets forth changes in the price of coal from four benchmarks from 2014 to 2020:

	Northwest Europe Marker Price	US Central Appalachian Coal Spot Price Index	Japan Steam Spot CIF Price	China Qinhuangdao Spot Price
	US dollars per tonne			
2014	**75.38**	**67.08**	**76.13**	**84.12**
2015	**56.79**	**51.57**	**60.10**	**67.53**
2016	**59.87**	**51.45**	**71.66**	**71.35**
2017	**84.51**	**63.83**	**95.57**	**94.72**
2018	**91.83**	**72.84**	**112.73**	**99.45**
2019	**60.86**	**57.16**	**85.48**	**85.89**
2020	**50.28**	**42.77**	**69.77**	**83.10**

Source: the BP Statistical Review 2021

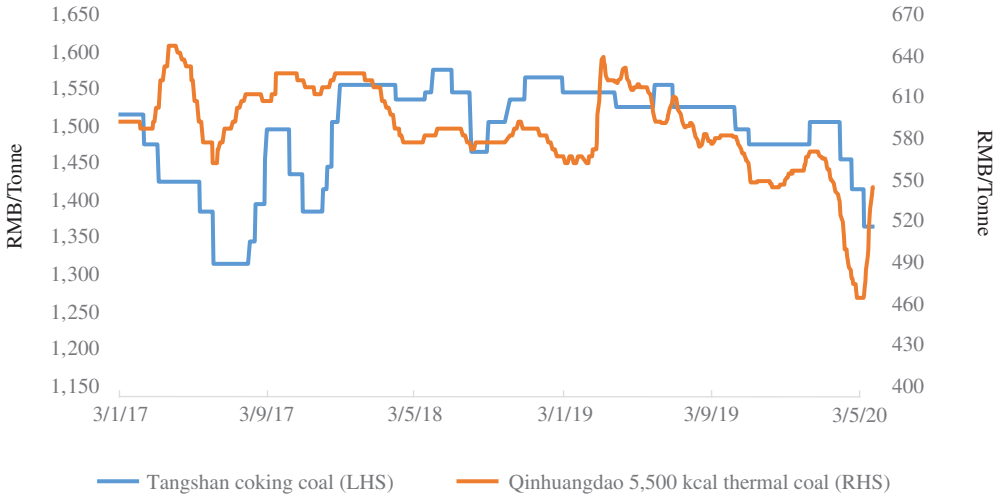
Coal Industry in PRC

China's primary energy demand rose 2.1% in 2020, driven by a rapid economic recovery from the pandemic. China was one of the few countries to grow its energy demand in 2020 and saw the largest absolute rise globally. China is the world's largest producer and consumer of coal and is expected to remain so in the foreseeable future. According to BP Statistical Review 2021, China produced 3,902.0 mtoe (80.91 EJ) of coal in 2020 (50.4% of total global production), while consuming 82.41 EJ of coal in the same year (54.4% of global consumption).

Since 2016, the PRC government implemented a series of administrative measures in cutting overcapacity by shutting down outdated production facilities, limiting maximum operation days and encouraging greater consolidation. With reduction in outdated capacity, Chinese coal industry recorded progress in upgrading operations and optimizing the industry structure. According to 2020 Coal Industry Development Annual Report published by China National Coal Association, by the end of 2020, the total number of coal mines in China reduced to below 4,700, while coal mines with 1.2 Mt-plus capacity increased to over 1200, accounting for about 80% of total production. The increase in Chinese coal production of about 1.2% in 2020, the fifth year consecutive growth since 2016, was a direct result of reducing outdated capacity and bringing more efficient, advanced coal capacity into the market.

China's coal demand rose 0.3% in 2020, driven by rising demand from several sectors including power, steel, construction materials manufacturing and chemicals. The coal industry also plays a very important role in China's national energy strategy and security, and coal will continue to be the primary energy in China.

Cutting overcapacity has led to a rebalance of coal supply and demand over time. Coal prices which are jointly decided by fixed midterm and long-term contracts and fluctuating spot prices have remained in a reasonable range since 2017. The following chart shows the price trend of coking coal and thermal coal in China from January 2017 to May 2020:



Source: Wind

As a result of the cutting overcapacity in coal industry, China's coal demand has exceeded its coal supply, leading to coal imports rising above 6.6 EJ in 2020, the highest level since 2014. China remained as the largest coal importer globally in 2020 and is likely to maintain the position due to ongoing overcapacity cuts and demand growth.

Our History

In 1966, the development of Yanzhou Mining District began. In 1976, Yanzhou Mining Bureau was established under the Ministry of Coal Industry of PRC. In 1996, according to the approval by Economic and Trade commission of the PRC (which ceased to exist), Yanzhou Mining (Group) Corporation Limited (兗州礦業(集團)有限責任公司), a company with limited liability, was reformed from Yanzhou Mining Bureau and established in the PRC by the sole promotor Shandong Provincial Government. The registered capital of Yanzhou Mining (Group) Corporation Limited was RMB2,027.36 million. In 1998, pursuant to the PRC governmental restructuring and reform, Ministry of Coal Industry of PRC transferred its controlling and managing rights of 94 national key coal companies including Yanzhou Mining (Group) Corporation Limited to their respective local governments since the Ministry of Coal Industry of PRC ceased to exist.

In May 1999, Yanzhou Mining (Group) Corporation Limited was renamed Yankuang Group Company Limited (兗礦集團有限公司) and its registered capital changed to RMB3,090.336 million in 2001. In 2002, according to the *Approval on Authorisation of Yankuang Group to Manage State-owned Assets* (Lu Zheng Zi [2002] No. 357), Yankuang Group was authorised to operate and manage the state-owned assets with an aggregate value of RMB5.799 billion since 1 January 2002. In 2006, Yankuang Group's registered capital changed to RMB3,353.388 million and it was wholly owned by Shandong SASAC. In May 2015, pursuant to the *Letter In relation to Transferring of the Equity Interest in 15 Companies including Shandong Luxin Investment holding Group Company Limited Owned by State* (Lu State-owned Assets Rights Zi [2015] No. 20) issued by Shandong SASAC, 30% of the equity interest in Yankuang Group with a total value of RMB1,006.016 million was transferred to the Shandong SSF. In 2016 and 2017, the Shandong government transferred 293 batches of lands in total, which were approximately 103.7 million m^2 and valued at approximately RMB4.4 billion, to us.

On 16 March 2018, Shandong Provincial Government Issued the *Notice from Shandong Provincial Government Regarding the Adjustment of Shareholding of State-owned Shareholders in a Portion of Provincial Enterprises* (LZ Zi [2018] No. 55), setting out a one-off transfer of 20% of state-owned capital and interest held by Shandong SFF in provincial enterprises to Shandong Guohui. On 13 April 2018, the board of shareholders of the Yankuang Group passed a resolution regarding: (1) a capital injection of RMB4,415.8 million, with the post-injection registered capital of Yankuang Group being RMB7,769.2 million. (2) Transfer of 20% interest held by Shandong SFF in Yankuang Group to Shandong Guohui. After the transfer, Shandong SASAC shall hold 70% interest in Yankuang Group, Shandong Guohui shall hold 20%, and Shandong SFF shall hold 10%. On 18 May 2018, the Issuer filed a modification registration at Shandong MOFCOM, modifying the registered capital of Yankuang Group to RMB7,769.2 million, with Shandong SASAC accounting for 70% of the registered capital at RMB5,438.4 million, Shandong Guohui accounting for 20% of the registered capital at RMB1,553.8 million, and Shandong SFF accounting for 10% of the registered capital at RMB776.9 million.

On 14 August 2020, Shandong SASAC, Shandong Guohui and Shandong SSF approved the merger between Yankuang Group and Former Shandong Energy Group and related matters. On the same date, Former Shandong Energy Group and Yankuang Group entered into the merger agreement, pursuant to which Yankuang Group was renamed as Shandong Energy Group as the surviving company after the merger. On 30 November 2020, Yankuang Group and Former Shandong Energy Group Company Limited executed the Confirmation of Closing, confirming that the condition precedents for the closing of the merger had been fulfilled and that the merger was completed on the same date. Pursuant to the merger agreement, all the assets, liabilities, business, employees, contracts, qualifications and other rights and obligations would be inherited, assumed or enjoyed by Shandong Energy Group; the respective entities under Former Shandong Energy Group and Yankuang Group and the respective equities and interests in companies held by Former Shandong Energy Group and Yankuang Group would be transferred to Shandong Energy Group. Such joint restructuring of Yankuang Group and Former Shandong Energy Group not only represents a best practice to implement the important instructions of President Xi Jinping on deepening the reform of state-owned enterprises and optimizing the layout of state-owned capital, but a major strategic deployment made by the Shandong Provincial Party Committee and Provincial Government from a global and strategic perspective, and a milestone in China's coal industry and the energy industry of Shandong Province.

In April 2021, Yankuang Group was renamed as Shandong Energy Group and the Former Shandong Energy completed the deregistration procedures, with the registered capital of RMB24.7 billion. Further, the total equity financing of our Group's affiliated companies exceeded RMB39.2 billion.

Development Milestones

Set forth below are certain key milestones in our development history:

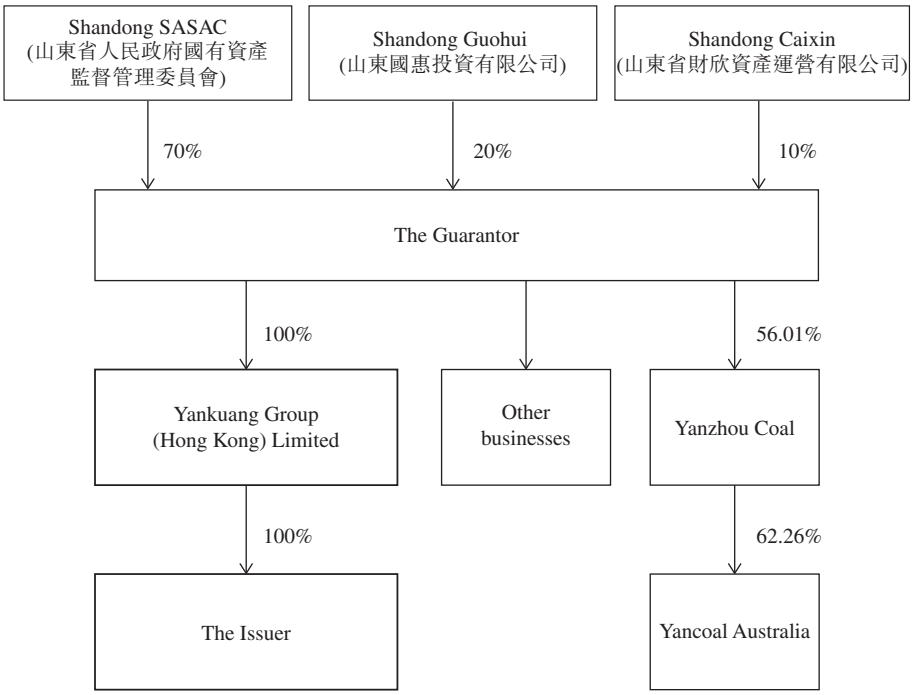
Year	Events
1878.....	Zhongxing Mining Bureau of Former Shandong Energy Group was established.
1956.....	Xinwen Mining Bureau of Former Shandong Energy Group was established.
1960.....	Linyi Mining Bureau of Former Shandong Energy Group was established.
1966.....	Yanzhou Mining Area started construction after being approved by Premier Zhou Enlai.
1976.....	Yanzhou Mining Bureau was established and was subsequently included into eight national coal construction bases in China.
1989.....	Yanzhou mining area took shape as a mega-size coal base of which the total industrial output value increased from RMB24 million to RMB310 million and the coal production capacity increased from 1.16 million tons to 12.85 million tons; Yanzhou Mining Bureau was recognised as a national top 10 ten-million-tons mining bureau.
1996.....	Yanzhou Mining (Group) Co., Ltd. was established as an SOE corporation first establishing a modern enterprise system as approved by the Ministry of Coal Industry; Yanzhou Mining (Group) Co., Ltd. was named by the State Council as a pilot among 100 large and medium-sized enterprises and one of the 120 pilot enterprise groups.
1997.....	Yanzhou Coal was founded by the sole promoter, with a fledgling coal-based integrated industrial chain extending to deep processing and comprehensive utilisation of coal.
1998.....	Yanzhou Coal listed ADR on the New York Stock Exchange (YZC.N), and debuted on the Hong Kong Stock Exchange (1171.HK) and Shanghai Stock Exchange (600188.SH) as the first Chinese coal company going public domestically and overseas. Zaozhuang Mining Bureau of Former Shandong Energy Group was restructured into Zaozhuang Mining (Group) Co., Ltd.
1999.....	The Group was established and acquired Lunan Fertiliser Factory and entered the chemical sector.
2004.....	The Group acquired Austar Coal Mine in Australia, and became the first Chinese player in wholly-owned overseas coal development.
2009.....	The Group established Ordos Energy Chemicals and acquired Huaju Energy to enter the power sector.

Year	Events
2010.....	The Group closed the acquisition of Felix; the transaction was then the largest Australian acquisition by a Chinese company and marked that the Group's international construction has entered the stage of large-scale development. Former Shandong Energy Group was established on 1 December 2010 with a registered capital of RMB30 million.
2012.....	Yancoal Australia was listed on Australian Securities Exchange (YAL.ASX) via the merger with Gloucester, making the Group the only Chinese coal company with businesses listed on four stock exchanges. Shandong SASAC transferred the state-owned interests in Zaozhuang Mining Group, Xinwen Mining Group and the other four coal mining enterprises to Former Shandong Energy Group.
2014.....	Ordos Energy Chemicals commenced operation, marking a breakthrough of mega-size coal-to-liquid project fully developed by China.
2015.....	The Group's first million-ton coal-to-liquid plant commenced production.
2016.....	The Group transformed to a state-owned investment company among the first peers approved by the provincial government. The Group continued to strengthen its financial and investment arm; established four business centres in Shenzhen, Shanghai, Beijing and Qingdao, with equity interests in banks and futures company as well as controlling interests in financial institutions. The Group completed the preliminary strategic investments in financial sector and continued to co-develop with the industrial business segments through synergy creation.
2017.....	Yancoal Australia acquired C&A Industries Limited from Rio Tinto, becoming Australia's largest pure-play coal operator and forming strategic cooperation with the energy giant Glencore; the transaction was one of the largest acquisitions in the global coal industry in the last five years. The Group's raw coal production increased gradually benefiting from recovering coal market.
2018	Yancoal Australia successfully achieved a dual listing on the Hong Kong Stock Exchange (3688.HK), further expanding the Group's financing channels. The Group started cutting overcapacity and developing modern coal mining business to heed national calls.
2019.....	Yankuang Group and Former Shandong Energy Group ranked 318th and 211th, respectively, among the Fortune Global Top 500 based on its respective revenue in 2018.
2020	Yankuang Group and Former Shandong Energy Group entered into the merger agreement in August 2020 and the merger completed in November 2020.
2021.....	The name of the Group changed from Yankuang Group to Shandong Energy Group and the Former Shandong Energy completed the deregistration procedures in April 2021.

Our Corporate Structure

Shandong Energy Group, a company with limited liability, was de facto controlled by Shandong SASAC. Shandong SASAC contributed RMB21,155,311 million, representing 70% of the Group's total registered capital, Shandong Guohui contributed RMB6,044,375 million, representing 20% of the Group's total registered capital and Shandong Caixin contributed RMB3,022,187 million, representing 10% of the Group's total registered capital.

The following chart provides an overview of the Group's corporate structure as of the date of this Offering Circular:



In terms of governance structure, our chairman, general manager and internal directors are appointed by the organization department of provincial party committee and our chief financial officer is appointed by Shandong SASAC. In terms of business management, Shandong SASAC evaluates and assesses the Group through a system comprising four basic indicators (i.e. net profit, net profit attributable to parent company, return on equity and economic value added) and two personalized indicators (i.e. account receivables and inventories). Shandong SASAC also involves in our decision-making process by approving major issues of each group company. In terms of financial control, our annual budget and final report are submitted to Shandong SASAC every year for its review, approval or confirmation. Shandong SASAC also monitors the financial statues of the Group by reviewing our financial statements every month.

DESCRIPTION OF THE ISSUER

Formation

The Issuer was incorporated with limited liability on 9 November 2017 in the Cayman Islands. Its registered office is located at Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands. The Issuer is wholly owned by Shandong Energy Group through its wholly owned subsidiary, Yankuang Group (Hong Kong) Limited, a company incorporated with limited liability in Hong Kong.

Business Activity

Under the Issuer's memorandum and articles of association, the Issuer has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction that is not prohibited under any law for the time being in force in the Cayman Islands. The Issuer's primary purpose is to act as one of our financing subsidiaries to issue and hold the Bonds and other securities and borrowings of indebtedness. As of the date of this Offering Circular, the Issuer has no material assets and does not have any employees, and will conduct no business except in connection with the issuance of the Bonds and other securities and borrowings of indebtedness, and to invest in, or loan or advance the net proceeds from the issuance of the Bonds and such other securities and borrowings to, offshore subsidiaries of the Guarantor, or to repay the offshore indebtedness of the Guarantor.

The Group issued USD400 million three-year senior guaranteed bonds at 4.75% listed on Hong Kong Stock Exchange in November 2017 and completed USD300 million tap offering in January 2018. In January 2019, the Group issued USD215 million three-year senior guaranteed bonds at 6.0% listed on Hong Kong Stock Exchange and completed USD500 million tap offering in May 2019. In July 2020, the Group issued USD400 million three-year senior guaranteed bonds at 4.0% listed on Hong Kong Stock Exchange.

In the future, the Issuer may, either itself or through direct and indirect subsidiaries and associated companies, issue further bonds and engage in other business activities related to us and may incur substantial liabilities and indebtedness.

Directors and Officers

The directors of the Issuer are Mr. Li Shipeng and Mr. Wang Wei. The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer.

Share Capital

The Issuer is authorised to issue a maximum of 50,000 ordinary shares of USD1.00 each, of which one share has been issued and fully paid. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

Summary Financial Information of the Issuer

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the authorisation, execution and issue of the Bonds or other debt securities, and the documents and matters referred to or contemplated in this Offering Circular to which the Issuer is or will be a party and matters that are incidental or ancillary to the foregoing.

Save as disclosed elsewhere in this Offering Circular, at the date of this Offering Circular, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities. There are no other outstanding loans or subscriptions, allotments or options in respect of the Issuer.

The financial year of the Issuer runs from January 1 to December 31. There has been no material change in the activities of the Issuer since its incorporation.

The Issuer has not prepared any financial statements since its incorporation. Under Cayman Islands law, the Issuer is not required to carry out annual audits, appoint auditors or publish interim or annual financial statements. The Issuer is, however, required to keep proper books of account as it is necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions and file the same with its registered office in the Cayman Islands.

DESCRIPTION OF THE GROUP

Overview

We are a leading enterprise in China mainly engaged in coal, trading and high-end coal chemical businesses. In terms of total coal production in 2020, we ranked the 3rd among all coal enterprises in China and the 1st among coal enterprises in Shandong Province. Located in east China, a region of strong economic development and coal consumption, we were selected by the PRC government as one of the first hundred pilot enterprises for the establishment of modern enterprise systems and one of the 120 pilot enterprises for the formation of large-scale enterprise groups. We were among the first large-scale State-owned group companies in the PRC coal industry to establish a modern enterprise system. We are also one of the largest SOEs in Shandong Province in terms of the scale of state-owned assets. We ranked 1st among province-administered enterprises in Shandong Province in terms of coal production and operating revenue in 2020 and ranked 2nd in terms of our total assets in 2020. We are wholly owned by the Shandong government via Shandong SASAC, Shandong Guohui and Shandong Caixin. In August 2021, we ranked the 70th among the Fortune Global 500 based on our revenue in 2020.

We believe we lead the Chinese coal industry in terms of a number of key performance indicators such as production scale, production efficiency and economic return. In 2010 and 2011, we were recognised as a National Innovation Enterprise by Ministry of Science and Technology of the PRC, SASAC and All-China Federation of Trade Unions jointly. We were also listed as one of the most influential enterprises in China by Chinese Enterprises Development Forum. In addition, Yanzhou Coal was awarded Global Performance Excellence Award in 2015 and China Listed Company Taurus Foundation Evergreen Award in 2018, ranked the 42nd among 2020 Top 250 Global Energy Company and ranked the 53rd among the Fortune 500 Chinese Enterprises in 2020.

As one of the largest coal producers and exporters in China, we are focused on the core business of coal industry chain, high-end chemical, modern logistics and engineering technology and continue to develop other industries to improve income diversification. At the same time, we are increasing our investment in coal chemical business under our strategy of "focusing on development of both coal and non-coal business". We have established superior geographical diversification with "Four Bases", namely Shandong (headquarter), Shaanxi-Inner Mongolia, Australia and Shanghai, with 13.533 billion tonnes of coal recoverable reserves in China and 1.088 billion tonnes of coal recoverable reserves in Australia as of 30 June 2021. Currently, our coal chemical business has also reached a relatively large scale, enabling our business operations to extend over an industry chain centred around coal business and reaching across different industries, regions, countries and both state and private ownerships. With our subsidiaries Yanzhou Coal listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange and Yancoal Australia listed on the Australian Securities Exchange and the Hong Kong Stock Exchange, we are the first Chinese coal company to successfully establish public listing platforms both domestically and overseas. Further, we hold 38.25% interest in Windsun Science Technology Co., Ltd., 16.71% interest in Yunding Technology Co., Ltd. and 52.74% interest in Shandong Fiberglass Group Co., Ltd., all of which are listed companies in China.

Our businesses mainly include the following:

Coal mining: coal mining is the key and fundamental business of our Group, and also is the main source of profit for our Group. We seize the market opportunities in the coal industry, revolve around the government's strategic development plan, rely on leading coal mining technologies, and develop coal resources outside the Shandong Province and overseas. We possess superior and diversified profile of coal resources globally and build safe, green, intelligent and efficient model mines.

Coal power: coal power is one of the key businesses of the Group and the development and construction of integrated coal power projects will give full play to the synergistic effect between coal and power. Guided by the national power industry policy, we firmly seize the opportunities of policies of West-to-East Power Transmission and External Power Transmission to Shandong.

Modern logistics and trading: focusing on "coal, coke, steel construction", oil and gas, chemical products, and non-ferrous metals, we establish an enhanced commodity supply chain and a digital supply chain platform, build an international energy trading center, improve the logistics service system, strengthen financial empowerment, and achieve the integrated development between production and trading, marketing and trading, logistics and trading and finance and trading.

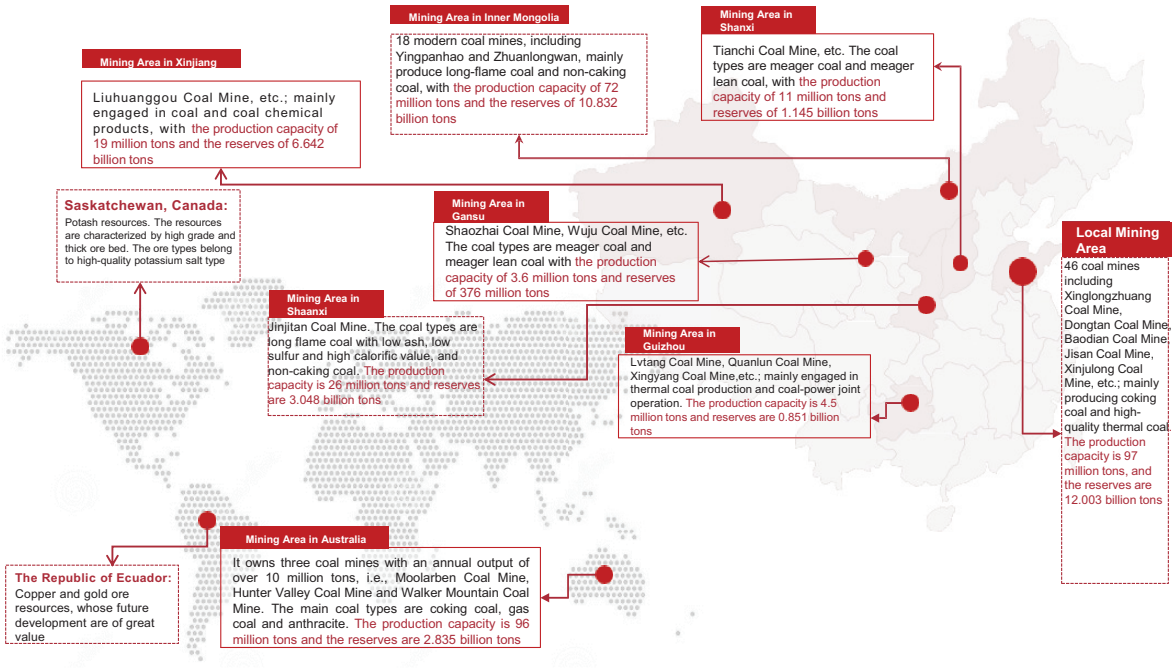
Our other businesses include the following:

Coal chemical: coal chemical business is a technology and capital intensive business converting coal into gas, liquid and solid fuels and chemicals through chemical processing. Underpinned by coal gasification and liquefaction technologies, we have formed a development model featuring "coal-power-oil-chemical co-production and upstream-downstream integration".

High-end equipment manufacturing: We regard smart equipment and smart services as the target, high-end, intelligence, high-quality and integration as the main direction, establish an integrated model of equipment manufacturing, remanufacturing and service. We strengthen strategic cooperation and deeply integrate new technologies through reshaping the product system and form a comprehensive solution for smart mines, striving to develop into an international advanced, domestic first-class comprehensive service provider for complete sets of equipment.

New energy and new materials: we accelerate the construction of photovoltaic, wind power, hydrogen energy and other energy production and supply systems to provide the province with high-quality, clean, efficient, green and economic energy products and services. We also coordinate energy production and supply systems, transportation and distribution systems and emergency management systems within the province and strive to become the main channel of energy supply, main engine of energy innovation and main force to ensure energy security.

We have achieved significant global presence and positioning through overseas acquisitions. The following map shows the locations of our businesses both within China and globally:



For the years ended 31 December 2019 and 2020 and six months ended 30 June 2021, our total operating income was RMB607.1 billion, RMB675.2 billion and RMB398.2 billion, respectively, and our net profit was RMB16.8 million, RMB11.2 billion and RMB5.6 million, respectively.

Competitive Strengths

We benefit from the following strengths:

We are a leading enterprise in Shandong Province with government credit as endorsement and have strong shareholders' background ensuring full-support from government.

As one of strongest coal companies in China and the second largest state-owned enterprise in Shandong Province, we benefit from PRC government's policies supporting the coal industry and the strong economy of Shandong Province significantly. We are 100 per cent owned by the PRC government and have a significant impact on Shandong Province's economic development. Through the merger between the Former Shandong Energy Group and Yankuang Group, we became the largest coal company in Shandong Province collaborating and integrating the coal mining, coal chemical and other industry chains, achieve synergy with mutual complementarity and remain a leading role among Shandong provincial enterprises in various aspects. The strategic joint restructuring not only improved the competitive strength of the Group as the state-owned enterprise in Shandong Province, but ensured the stable supplies in energy use within the province.

Our strong shareholders' background ensures that we enjoy fully policy support at all levels in resource acquisition, industrial integration, project approval and credit support. In 2016, Shandong provincial government injected RMB3.48 billion capital in Yuankuang Group in the form of 8.282 million square meters of land in 182 cases and injected RMB1,925 million into Former Shandong Energy Group in the form of 4.85 million square in 107 lots. In 2017, Shandong provincial government injected RMB940 million capital in Yankuang Group in the form of 2.083 million square meters of land in 111 lots and injected RMB5,036 million into Former Energy Group in the form of 16.75 million square meters of land in 342 lots.

We also received financial support from the PRC government. The Implementation Opinions of Accelerating the Transformation of New and Old Kinetic Energy to Realize Transformation and Upgrade Implementation in Shandong Province Coal Industry sets out the necessity to increase fiscal and financial policy support on coal companies. On the one hand, policy-oriented and development-oriented banking institutions are encouraged to seek the head office's policy support under the principles of business sustainability and risk controllability and adopt differentiated credit policies. On the other hand, coal enterprises should be supported to raise capital through various financing channels such as issuance of bonds to reduce the financing costs. From 2017 to 2020, our Group received a total of RMB6.8 billion special funds and subsidies from Shandong Provincial Department of Finance.

We are a leading coal company in China with significant global presence and abundant and superior resources.

We are a leading coal company in China and own multiple, diverse and high-quality coal reserves. We are located in the Luxi area, which has been listed as one of the 14 large-scale coal production bases in China by the PRC government. Since 2015, China has implemented policies to promote supply-side reforms. By eliminating outdated production capacity and releasing advanced production capacity, the coal price has rebounded to a reasonable level. We have abundant and superior domestic and overseas coal resources with good mining conditions, excellent coal quality and low cash costs in a long run, which bring us great advantages and strong competitiveness among the peer companies in the industry. We ranked the second in in terms of production capacity among national coal companies.

We have achieved significant global presence and positioning through overseas acquisitions as the most international player in China's coal industry. As of 30 June 2021, we have a total of 14.621 billion tons coal recoverable reserves, among which 13.533 billion tonnes of coal recoverable reserves are in China and 1.088 billion tonnes of coal recoverable reserves are in Australia and other countries. We believe that we are the only Chinese coal company with significant operational overseas presence. We also have superior asset profile with good mining conditions, high coal quality, and low cash costs. One of our subsidiary Yancoal Australia is the largest independent coal operator in Australia. We implement the open economy requirements of Shandong province and actively deploys overseas markets.

We integrate industry chain to create significant competitive advantages and enhance our profitability.

We are an integrated energy group with operations across multiple sectors, including our upstream coal production, our downstream power generation, coal chemical production and coal sales, as well as our other businesses of high-end machinery manufacturing. In addition to the traditional energy, the Group has actively pushed forward the development in new energy and new materials. The combination of our business segments creates a highly-integrated business model with diversified product and service categories and allows significant synergies between business segments as well as operating stability and efficiency and further strengthened our core competitiveness. In particular:

- Our large portfolio of high-quality coal resources ensures a stable and uninterrupted supply of coal for our power and coal chemical segments, while our power and coal chemical segments generate steady internal demand for our coal segment. Our power and coal chemical segments provide us with a natural hedge against coal price volatility, which we believe allows us to maintain a more stable profit margin than many of our peers.

- With excellent coal quality, low mining costs, and robust profitability, we gain a competitive edge in the Chinese coal industry. The cash cost for domestic coal production of Shanmeng Mining Area of Yankuang Group was RMB100-150 per ton in 2019 and RMB97 per ton in 2020 as compared with RMB150-200 per ton in 2019 and RMB130 per ton of other coal companies in China.

- We are a large-scale energy enterprise integrating the upstream and downstream of the industry chain such as coal production and marketing. The extension of the industry chain has improved our coal production, sales and trading capabilities, effectively broadened the range of products and services it provides and strengthened our core competitiveness.

- We have built an industrial institution featuring "one base, two chains and three new growth poles", thereunder coal as the backbone industry, coal power and coal chemical as the derivative industry chains, high-end equipment manufacturing, new energy and new materials, and modern logistics and trade as the new growth poles. Such scientific structure has achieved significant synergy.

We implement strict risk-management system to build a high-quality safe production.

We were one of the 100 pilot companies selected by the State Council back in 1994 for the implementation of the modern enterprise system. Over the years, we have established "1+4+N" reform-related documents, strict and highly efficient internal control and comprehensive and adequate rules. We also use ERP system to create a high-quality ecosystem for our stable development. Our internal control system comprises the following components:

- Subsidiaries management: we issued Property Rights Management System and Measures for the Management of Holding Shares of Listed Companies to clarify our opinion on the strengthening of the management of the parent-subsidiary system and to regulate the organisation and behaviour of our Group.

- Related party transactions management: we issued Provisional Measures on the Management of Related Party Transactions to clarify beneficial relationships among different members within the Group and detail rights and responsibilities among related parties.

- Financial management: we issued Fund Management Measures of Shandong Energy Group Company Limited, Financing Measures of Shandong Energy Group Company Limited, and Comprehensive Budget Management Approach of Shandong Energy Group Company Limited and introduced banking management mechanisms to realise centralised management of funds within our Group.

- Investment management: we issued Measures on the Management of Investments to strengthen investment management, regulate management procedures and detail investment decision-making procedures.

- Guarantee management: we issued Provisional Measures on Guarantee Management to strictly manage guarantee internal control decision-making procedures and clarify relevant requirements on guarantees.

We established and implemented the production safety responsibility system and all levels of our Group signed the production safety liability statement. Our party committee formulated and issued production safety decision letter every year and hold meeting on safety theme every month. Further, we established safety production committee in all levels and the principal responsible person hosts the safety production meeting and leads the deployment, monitoring and supervision work on the major safety issues in person. We also established an all-round safety control system, thereunder our chief and government officials are the first responsible persons in overall management, the chief engineer is the first responsible person in technology, safety supervision team is the first responsible person in supervision and Party Labor League Organization is responsible for mass prevention and mass treatment. As of 31 December 2020, the fatality rate per Mt of ROM coal production of our Group remained zero, among which, Yankuang Group had realised safe production for consecutive 5,299 days.

We have cutting-edge technology to strengthen leading position and emphasise safety and environmental protection to promote green development.

We emphasise the development of our coal business through the advancement of technology based on proprietary innovation and new industrialisation. With leading technologies, we boast a variety of patents that have won numerous awards, becoming widely recognized and generated output value for us in recent years. Since Thirteenth Five-Year Plan, we have established seven engineering laboratories at provincial level, four technology research centres at provincial level, three engineering research centre at industry level, 17 enterprise technology centre at provincial level, one postdoctoral research station, four postdoctoral innovative practice bases and academician postdoctoral work stations), which we believe exemplify our leading research and development capabilities in the PRC coal industry. Further, we have undertaken 24 key research and development programs or projects at national level and 26 key research and development programs at provincial level, and led or participated in the formulation of 106 national and industry standards. As of 30 June 2021, we obtained 5,505 patent authorizations, generating revenue of approximately RMB4.0 billion for our Group.

Focusing on "source network load storage", we accelerate the development of our own distributed photovoltaic resources and invest heavily in emerging industries. In terms of artificial intelligence, we set up a professional team and select national key projects to drive the growth the entire industry. In terms of new energy, we actively promote renewable energy such as biomass energy, hydrogen energy and solar energy. In terms of non-ferrous metals, we regulated the operation of the Ecuadorian Project to create a strategic zone in Latin America. In terms of aluminum profiles, we accelerate R&D and production processes of high-end products, such as motor vehicle models and rail transit, and promoted the energy conversion of light alloy companies. We strive to serve rural revitalization create a "Shandong model" for distributed photovoltaic development in China.

We attach great importance to safety, eliminate hidden dangers, promote the construction of the "blue sky project", and adhere to a safe, green, environment-friendly path of sustainable development. Since Thirteenth Five-Year Plan, we have invested a total of around RMB12 billion in 1,638 environmental protection projects, laying emphasis on the project of environmental protection facilities operation, pre-control and comprehensive treatment of environmental risks. In addition, we have invested RMB2.83 billion in green development and implemented 712 projects since 2018. In the past three years, we have not experienced environmental accidents and have not been punished due to environmental issues. We aim to achieve the goal of "double carbon" and build the China's first new energy base of Double Tens of Millions and Double Parks.

We enjoy strong financing support through a combination of diversified channels.

We have strong direct financing and indirect financing capabilities as well as a good credit record. Through our subsidiaries, we have acquired access to PRC and overseas capital markets. Our subsidiary Yanzhou Coal and Yancoal Australia went listed five times in Shanghai, Hong Kong, Australia and the United States, raising total funds of over RMB38.2 billion. We have well-diversified financing channels consisting of short-term and long-term borrowings, including perpetual bond, MTN, CP, SCP, PPN, enterprise bond, USD bond, corporate bond, exchangeable bond, renewable corporate bond, privately-placed bond, ABS, ABN, etc. As of 30 June 2021, our total debt amounted to RMB320.29 billion, consisting of long-term borrowings of RMB115,531 million, bonds payable of RMB78,552 million, short-term borrowings of RMB75,194 million, bonds due within one year of RMB20,312 million, other debts of RMB12,961 million, long-term borrowings due within one year of RMB9,671 million and

ultra-short and short-term financing bills of RMB8,068 million. Among our total debt, 90.95% were domestic debts and 9.05% were overseas debts.

We have also made full use of both domestic and overseas bond markets with the record low costs within the industry. Among them, 20 Yankuang Bond 01 is the first high-quality enterprise bond approved by the NDRC in the coal mining and washing industry, of which the maturity is 10 years and the bond coupon rate is 3.48%, being the lowest among the industry's enterprise bonds. In addition, 20 Lu Energy MTN002A has a coupon rate as low as 2.740%, which is 201 basis points lower than China's benchmark interest rate for loans of the same maturity, achieving a record low among 3-year MTNs in the industry in China.

We have also maintained long-term stable relationship with all the major commercial banks and other key financial institutions in the PRC including China Development Bank, Bank of China, Agricultural Bank of China, China Construction Bank and Industrial and Commercial Bank of China. As at 30 June 2021, we had secured credit facilities with an aggregate amount of approximately RMB474.1 billion from various financial institutions, of which approximately RMB203,777 million remained unused.

We have excellent, experienced and insightful management team.

Our senior management team comprises a group of loyal, well-educated and highly-experienced professionals. In our management team, 66.7% team members have been working in our Group for over 30 years,16.7% team members has been working in our Group for seven to thirty years and the remaining 16.7% team members has been working in our Group for one to six years. Further, 83.3% our management holds a master degree or the above and the remaining 16.7% holds a bachelor degree or the below. Their foresight and practical skills, together with their ability to assess and manage risks and implement management and production schemes in pursuit of excellence will significantly increase our overall profitability. We believe that our management team possesses in-depth knowledge critical to success in the coal industry and is capable of seizing market opportunities and formulating sound business strategies. We also believe that our management team demonstrates the capabilities required to ensure our sustained development and continued success.

Business Strategies

Our vision is to become a leader in innovation-oriented development of Shandong's energy industries, a role model in deepening energy structure reform and the main force in promoting leapfrog development of emerging industries. We will also develop ourselves into a ballast stone in ensuring energy security, spearhead in old-to-new growth drivers shift, pillar of economic and social development and role model in the count down of SOE reform. Through the new path alongside with the industrial integration and sharing of complementary strengths, regional layout optimization, communication on JV establishment and cooperation, exit of backward capacity and in-depth cooperation with international capacity, we will lead the development process in our three core pilot bases, make breakthroughs in multiple other regions and achieve regional integration and interaction. In particular, we plan to implement the following strategies:

Further enhance our integrated business model to diversify our operation and promote industrial transformation and upgrading.

We plan to consolidate traditional businesses of coal, coal power and coal chemical and vigorously develop emerging businesses of high-end equipment manufacturing, new energy and new materials and modern logistics and trading to lead economic transformation and energy structure optimization across the province. Further, we will step up construction of four major demonstration parks for growth drivers shift and build a batch of leading industrial clusters to promote quality development of enterprises. Through collectivization and integration of operation and development, as well as a strategic landscape underpinned by "the six principal businesses", we strive to elevate our ranking on the Global 500 list.

- **One foundation**: We will facilitate the large-scale, intensive and low carbon development of the coal industry. In addition to stabilizing coal production within Shandong Province and increasing production outside of Shandong Province, we are dedicated to further exploring and developing new coal resources and constructing or upgrading projects to optimise our coal production. Through the innovative industrial circular economy, as well as the environment protection and energy saving management, we intend to promote the clean and highly efficient utilisation of coal and its supporting processing plans, and to implement the full-coverage service operation model from coal extraction to coal utilisation. We will also close mines with poor resource conditions in accordance with the state's policies.

- **Two chains**: We intend to further enhance our integrated business model to maintain our competitiveness. In addition to our coal business, we will fully utilise synergies among our coal power and coal chemical business segments. We will focus on the integrated development of power generation, coal electrification and coal chemical production, establishing an industrial system of value added coal with clean conversion and collaboration. We plan to consolidate the key regional markets by leveraging on the scale advantage of coal-electricity and extend the coal chemical industry chains and enhance the products' value added by implementing technical transformation projects. We also plan to increase profitability by leveraging the cost control, the upgrading of our production facilities and the processing technology of gasification of coal water slurry and dry coal powder.

- **Three new growth poles**: We plan to continue adjusting the source structure and sales structure of our trading business, such as adopting market oriented sales and pricing policies, increasing the output from our mines with higher gross profit, and moderately reducing the amount of coal purchased from external parties. We intend to continue to emphasise on the development of strategic emerging industries including high-end machinery manufacturing, new energy, new materials and modern information technology industries. In the meantime, we plan to make full use of Internet Plus, cloud computing, big data and Internet-of-Things in order to achieve the synergistic benefits among industries.

Facilitate our international development and continue to explore, evaluate and pursue future acquisition opportunities.

Based on our current overseas assets and business layout, we will actively and steadily facilitate our international operation, enrich our international capital operation platform and improve our international operation mechanisms. In addition, we plan to expand our business through exploring and pursuing future acquisition opportunities in a disciplined manner.

- **Facilitate international development**: By using capital operation methods such as mergers and acquisitions and reorganisation, we will acquire overseas enterprises or projects in relation to coal, new energy and strategic emerging industries, which will in turn promote the integration of our management, operation, markets and finance, take advantage of the synergistic benefits internally and externally, achieve global benefits and efficiency, develop new competitive advantage, and improve the core competitiveness of overseas enterprises, for the purpose of facilitating the international development and pursuing long-term development. We plan to leverage the quality of the coal in our Australia base, intensify our efforts to develop Southeast Asia markets such as India and Indonesia, expand our sales network and international markets, optimise and improve operation quality, and fully explore overseas coal markets. We will also enrich our international capital operation platform through a series of methods including integrating international resources, optimising industrial structure, expanding international markets, improving management level, enhancing the our international competitiveness, and establishing international capital operation platform using overseas capital markets. As a result, we anticipate meeting the needs for financing, achieving innovative enterprise system and supporting our Group's global expansion. In addition, we plan to improve our international operation mechanisms by further improving the comprehensive international capital operation system which covers the management system such as decision making system, structuring system and risk control system.

- **Continue to explore, evaluate and pursue future acquisition opportunities**: To further increase our coal reserves and strengthen our competitiveness in China, we plan to capture opportunities provided by coal industry trends and government initiatives to evaluate opportunities to acquire additional coal mines at a well-managed pace and a proactive manner. We believe that by leveraging our strong market position in the Shandong Province as well as our industry experience, we will be able to achieve greater economies of scale by continuously identifying and selectively evaluating available acquisition opportunities to complement our organic growth strategies, while expanding production at our existing coal mines. By leveraging our scale, management and technological strengths, we believe we can efficiently integrate and optimise these acquisitions.

Adhere to the principle of "Technology Promotes Industry" and improve technology innovation system.

We intend to further enhance our innovative capability, strengthen the research of our key technology, facilitate the overall progress of the technology, and establish the security system for new industrial technology.

- **Building of innovative ability**: We plan to focus on the recruiting and training of talents in areas of advanced technology research, application technology research and engineering technology application, to form a talent team with rational placement and constant supplement. We also plan to build research and development institutions for strategic core technology and industrial application technology. In addition, we will consolidate technology resources and facilitate our research and development headquarters and four research and development bases in Shanghai, Jinan, Xian and Australia, to accelerate the construction of elementary research and development institutions. We also aim to promote the diversified ownership reform of research and development institutions, optimise and adjust the structure of technology organisations, and facilitate innovative technology operation and incentive system.

- **Innovation of industrial technology**: We will strictly follow the principle of Industry-University-Research Collaboration and promote researches on the technology of coal mining and utilisation. Focusing on the establishment of new coal industrial system, we aim to develop technical support for the coal industry, with mining technology as its core, safety technology as its emphasis and equipment technology as its protection. In order to facilitate researches on technology of coal chemical, high-end manufacturing and emerging industries, we will strive to coordinate independent innovation with collaborative innovation and combine independent research with technology importation. In the meantime, we also plan to establish technical support for the new coal chemical industry with focuses on gasification technology, synthetic processing and integration techniques, for the purpose of constructing a high-efficiency and clean conversion and collaboration industrial system. We also intend to put emphasis on the research and application of coal machinery equipment and light alloy profile technology. Further, we will develop technical support based on new energy, new materials and modern information technology industries.

- **Promotion of the results**: We aim to promote highly efficient conversion and application of the results by building a technology results conversion mechanism throughout the process of technology innovation. With an applicable and mature evaluation system to assess the technology results, we will be able to improve our patent and technology confidentiality system, and establish an effective mechanism for managing intellectual property. We intend to strengthen the importation of technology, through which we will facilitate the application of new technology, new processing and new equipment with great applicability and high maturity. In addition, based on our independent key technology, we will encourage the extension of industries from product sales to technology service and the upgrading of industries through technology progress.

Intensify safety control system and improve information management system.

Our goal is to continue to strengthen our safety risk prevention and control management, enhance safety supervision and assessment, and ensure accountability. We plan to fully implement a hierarchical, professional, standardised and information-based safety management, in order to establish a long-term mechanism for safety production.

- **Improve safety control system**: We aim to focus on the three-tier safety management system to intensify risk prevention and control management and strengthen the investigation system of potential dangers. By improving the overall evaluation of our safety production technology, the four-level risk assessment and on-site safety investigation system, we will effectively prevent major safety risks. With a focus on a better response to on-site emergency, we plan to gradually establish emergency organisation system, preventive programme system and security system and enhance the training of preventive programme, for ensuring an accurate and quick response.

- **Intensify safety technical support**: We plan to accelerate the promotion and application of new safety technology with a focus on automatic, information-based and intelligent technology transformation. By reducing the staff underground, we will gradually achieve remote, unattended monitoring of key positions. We also plan to optimise our design, processing, system and labour organisation, which will lead to a comprehensive upgrading of our coal production. In addition, to ensure the safety and manageability of major disasters' prevention and control, we will strengthen studies on the key technology regarding the causes, prediction, prevention and management of disasters, while tightening up the investigation and evaluation of key aspects (such as assessment of major disasters, discussion of management methods, implementation of crisis-mitigating measures and verification of effects).

- **Strengthen daily safety management, training, assessment and accountability**: In order to make sure that the qualities of our engineering, equipment and work meet competition-level standard and pass review and assessment, we will further develop our safety quality standard through a series of measures, including improvement in safety quality assessment, incentive mechanisms and periodic evaluation activities. We will strive to provide professional training, improve the links between safety supervision department and business department, and intensify the safety supervision where the situation is complicated or the condition is harsh. We also plan to strengthen our incentives and sanctions, while implementing greater pre-emptive accountability.

- **Increase information control management**: We plan to establish the industrial research and strategic decision platforms as well as the investment and financing and strategy assurance platforms. We also aim to build four systems including sales transformation and business expansion, industrial eco-chain collaboration, resource intensification and sharing, and digital production and protection.

- **Develop information infrastructure construction**: We will focus on the upgrading and transformation of aggregation of networks and Internet exportation by optimising the current data network to support multiple businesses. We plan to build remote backup and disaster recovery model based on which the Group's external data center will be established, for the purpose of ensuring the safety of our information system and systematic data. In addition, we will further develop the cloud computing platform into a platform capable of providing public resource service as well as resource hosting and leasing services to industries and customers.

Improve energy conservation and environment protection system and develop energy-saving emerging industries.

We strive to become a global leading mining group as well as a green energy service provider. We aim to further improve the quality of the environment surrounding the mining areas and to meet the criteria of environmentally friendly demonstration enterprises and mines, by focusing on the pollution source, clean procedures and emission levels. With the implementation of clean production mechanism, the increase of resource utilisation rate, the optimisation of industrial structure and the extension of industry chains, we anticipate the development of circular economy and low carbon economy model, while achieving the sustainable development of the Group.

- **Facilitate the management of pollution source and procedure control**: We plan to further optimise our production and processing system in order to reduce the influence to the surrounding environment caused by the emission of pollutants. We will strengthen the environmental management of our construction projects and improve the environment protection facility with automatic control function. By linking the environment protection facility to our production system, we will realise the transformation from ex post control to source and whole process control. We intend to actively develop the technology to achieve extra low emission of flue gases from boilers and upgrade gases/water treatment technology, in order to ensure that the emission of pollutants is up to the criteria. In addition, we will diversify the utilisation of mining well water resources, and gradually halt the emission of mining well water and the exploitation of underground water of power plants.

- **Accelerate the development of energy-saving emerging industries**: We will strictly follow the idea of joint innovation such as Industry-University-Research Collaboration, strategic alliances and commissioning studies. Our emphasis will be put on the new technology and processing of coal exploitation, high-efficient and clean utilisation of coal, high-end equipment manufacturing and new energy usage. In order to build the base of coal mining machine remanufacturing in Shandong Province, we plan to accelerate the coal mining machine remanufacturing project and increase the scale of the coal mining machine remanufacturing industry. By focusing on clean coal fuel and high quality chemicals, we will strive to explore the clean utilisation of traditional energy chemical products, study the technology of generation and transportation of hydrogen and biomass power, and develop natural gas energy, nuclear power and shale gas. Further, we intend to cultivate and develop energy-saving emerging industries featuring water source (earth source) hot pump, integrated usage of gases and photovoltaic power generation.

- **Promote the development of energy-saving and technology transformation projects**: We aim to promote the application of multi-layer utilisation of energy, power generation by low-temperature residual heat and advanced coal gasification. We will boost the upgrading and transformation of voltage under coal mining wells and in coal preparation plants. In order to realise high-efficiency drainage, we will replace the low-efficiency dewatering pump with the high-efficiency water pump in the mining wells. In addition, we plan to promote AC Permanent Magnet Synchronous Motors, explore safer and more efficient ventilators, conduct feasibility studies on the technology of replacing DC motors with AC motors. Further, we will strive to recycle and make good use of the residual heat resources in the mining wells and study the technology of recycling the residual heat of the flue gases in power plants, for the purposes of facilitating a number of recycling projects.

- **Expand the channels of integrated use of resources**: In order to promote the integrated use of waste water resources, we plan to develop, in our main production system, the information management of water resources such as real time monitoring, analysis and diagnosis and warning of exceeding water consumption, and constantly increase our information management ability. We will also increase the utilisation scale of new building materials and road construction, promote the use of coal gangue to backfill mined areas and land re-cultivation, and facilitate the technology of downhole coal gangue filling in place of coal. In addition, we encourage the harmless treatment and recycling of the sludge from the waste water plants through technology such as blending.

Our Business Operations

Our main businesses are coal business and trading business and our other business mainly includes coal chemical business. The following table sets out our total operating income by business segment, and percentage contribution to our operating income, for the periods indicated:

	Year ended 31 December				Six months ended 30 June 2021	
	2019		2020			
	RMB million	%	RMB million	%	RMB million	%
Coal	158,929	26.2	146,779	21.7	81,719	20.5
Trading	375,890	61.9	443,990	65.8	256,906	64.5
Others	72,245	11.9	84,471	12.5	59,613	15.0
Total	**607,064**	**100.0**	**675,240**	**100.0**	**398,238**	**100.0**

The following table sets out our total operating costs by business segment for the periods indicated:

	Year ended 31 December				Six months ended 30 June 2021	
	2019		2020			
	RMB million	%	RMB million	%	RMB million	%
Coal	100,533	19.0	102,779	16.8	58,617	16.2
Trade	374,566	70.8	442,625	72.5	256,500	70.9
Others	54,061	10.2	65,337	10.7	46,488	12.9
Total	**529,159**	**100.0**	**610,742**	**100.0**	**361,605**	**100.0**

The following table sets out our gross profit and gross profit margin by business segment for the periods indicated:

	Year ended 31 December				Six months ended 30 June 2021	
	2019		2020			
	RMB million	%	RMB million	%	RMB million	%
Coal	58,396	36.7	44,000	30.0	23,102	28.3
Trade	1,324	0.4	1,364	0.3	406	0.2
Others	18,184	25.2	19,133	22.7	13,125	22.0
Total	**77,905**	**12.8**	**64,498**	**9.6**	**36,633**	**9.2**

Our operating income contribution from trading business segment accounted for a large portion of our total operating income. However, trading segment contributed to a small portion of our net profit since the profit margin of trading business is relatively lower than that of the coal business and other business. In the past two years, the coal business has still remained the main source of gross profit.

Coal Business

Coal business is our principle business segment and main source of revenue. We have established a complete business chain of "resources reserve-research and development – coal mining and selection – production – transportation – sales". Adhering to our main business of coal, we achieved significant growth in performance year after year. In 2019 and 2020, our total production volume of coal was 394.7 Mt and 270.01 Mt, respectively; our total sales volume of coal was 221.2 Mt and 212.0 Mt, respectively; and operating income from our coal business amounted to RMB158.9 billion and RMB146.8 billion, respectively.

With the slowdown of the global economy, the restructuring of the industry, the change of the energy structure and the pressure from the environmental protection, we are still facing lots of challenges which lead to harsh environment for coal companies although the coal industry has recovered strongly in recent years. The depression of the entire industry is a main risk we are exposed to.

The PRC government started to implement the reform policy regarding the supply in the coal and steel industries since the first half of 2016. As a result, the production capacity in provinces such as Shanxi, Shaanxi and Inner Mongolia has decreased significantly in the supply of coal in the domestic trade. In addition, the favourable economic environment and the fast development of infrastructure construction and real estate, the demand for steel has risen again. From 2017 to 2018, the coal industry was in the stage of capacity reduction. Since the release of advanced production capacity in the industry was limited, together with the recovery of downstream demand, the overall supply and demand of coal is in a tight balance. The prices of various types of coal productions showed a trend of high volatility, and the focus of industrial development had shifted from reducing production capacity to adjusting the structure. In 2019, with the near-end of capacity reduction and the accelerated release of advanced production capacity, the central coal price had shown a steady downward trend throughout the year, and the cyclical growth momentum in the coal industry had weakened. As of 31 December 2020, a total of about 5,500 coal mines in China had been withdrawn, and over 1 billion tons of outdated coal production capacity had been withdrawn according to relevant department.

Furthermore, with the low inventory and price adjustment among the coal enterprises, the balance between the supply and the demand has been improved and the price of coal has picked up. However, the current supply and demand for coal has not been fundamentally changed, and there has still been a lack of basis for the industry to steadily operate, while the recent decline in the price of coal has even increased the pressure.

In view of such market situation, we strive to optimise our business structure and enhance our operational quality and efficiency, in order to increase the operational performance of our coal segment. In particular, we implemented our plans to: (1) optimise the coal industry layout and expedite the reduction of the low-efficient and inefficient assets; (2) speed up the construction of the key projects located in Shaanxi and Inner Mongolia, for the purpose of production increase and efficiency enhancement; (3) strengthen the operation of the industrial capital in the Australia base and expedite the construction of the phase two of the Moolarben Mine project, in order to achieve the improvement of performance and increase of production; and (4) raise efficiency, reduce costs and improve the performance through the implementation of lean management.

Overview of our coal resources

As a leading enterprise in the China coal industry, we are a key coal production enterprise in Shandong Province and one of the largest coal export enterprises nationwide. Our mining operation focus on medium-thick, thick and extra-thick seams with stable coal seam occurrence and good coal quality, which are suitable for large-scale mechanized mining. We leverage on both domestic and overseas coal industry to stabilise our production volume of coal while expanding our platform and constantly exploring the coal resource in the western China and overseas, for the purpose of increasing our coal resource reserves.

The following table sets forth the information on our principle mines as of 31 December 2020:

	Entity	Reserve	Recoverable Reserve	Production Capacity
		(Mt)	(Mt)	(Mt per year)
1	Yanzhou Coal	20,985	5,278	209.7
2	Xinwen Mining	20,900	8,300	46.4
3	Zaozhuang Mining	3,600	600	23.4
4	Zibo Mining	4,600	2,100	28.4
5	Feicheng Mining	3,000	1,300	6.6
6	Linyi Mining	10,900	900	17.5
7	Longkou Mining	1,900	300	8.3
8	Xinjiang Energy Chemical	282	121	1.5
9	Guizhou Mining Co., Ltd.	2,000	300	2.67
10	Guizhou Energy Chemical	3,200	500	5.1
	Total	**71,367**	**19,699**	**349.5**

We have been continuously improving our coal resource reserves by establishing Shaanxi and Inner Mongolia bases, which further enhance our production capacity. As of 31 December 2020, the recoverable reserves we own in Shaanxi and Inner Mongolia was 7,100.0 Mt with an approved capacity of 88.7 Mt. Meanwhile, our overseas resource has expanded significantly. As of 30 June 2021, we have a total of 14.621 billion tons coal recoverable reserves, among which 13.533 billion tonnes of coal recoverable reserves are in China and 1.088 billion tonnes of coal recoverable reserves are in Australia and other countries.

Production of coal

The primary types of our coal products include thermal coal, PCI coal, anthracite and clean coal for coking and gas. In particular, the Yankuang Coal is well known for its characteristics of "Three Lows and Three Highs" (low ash, low sulphur and low phosphorus and high calorific value, volatility and ash melting point). Currently, we are able to produce all levels of clean coal, lump coal, screened raw coal, mixed coal, semi-hard coking coal, semi-soft coking coal, PCI coal and steam coal.

Our coal business primarily consists of the wash and screen of raw coal, processing, and sales. In coal mining and processing, we have successfully developed multiple advanced technology and equipment, enabling our mining, caving and transportation process to be automatic and mechanised.

We have developed advanced technologies and equipment such as fully-mechanized top coal caving technology in thick coal seams, mechanized mining technology in thin coal seams, and new-type two-post-protected hydraulic prop frame for top coal caving, which have enabled almost fully intelligent, automatic and mechanized mining, caving, transportation and other parts of the production chain.

Further, we adopted whole-set mining (caving) equipment which boasts high reliability and capability, and developed the world's first set of fully-mechanized equipment with 8.2m extra-large mining height which has been successfully applied in Jinjitan Coal Mine; the Group has also adopted proven mining technologies, including fully-mechanized mining and caving, large-mining-height fully-mechanized mining and caving and open-pit mining, which have enabled high production efficiency. Particularly, our core technology, fully-mechanized top coal caving, is among the most advanced in the world.

As of 31 December 2020, we had achieved 100.00% mechanized mining and 98% mechanized excavating, which enabled us to stay at the top in the coal industry.

Sale of coal

We carry out our sale of coal business by establishing international marketing system, closely monitoring the market trends, and developing strategic relationship with the domestic and overseas enterprises.

The direct downstream of the coal industry is generally divided into four industries: thermal power, steel, building material and chemical industry, with a total percentage of consumption of coal over 80%. In particular, the industries of thermal power, steel, building material and chemical accounted for 53%, 18%, 14% and 3% of the total consumption of coal. In terms of sales, the domestic markets are mainly located in East and North China, while Japan, Korea and Australia are the major overseas markets.

Our domestic business of sale of coal is primarily within Shandong Province, where the main economic structure is heavy industries which have high demand for coal. As a large coal producing enterprise in Shandong Province, 60% of our products are sold to East China, generating a stable percentage of operating income. Our commercial coal products include clean coal for coking and gas, which is mainly sold to Baoshan Iron & Steel Co., Ltd., Wuhan Iron and Steel Co., Ltd. and Shandong Iron & Steel Group Co., Ltd., and thermal coal, which is mainly sold to Huadian Power International Co., Ltd., Huaneng Power International, Inc. and China Guodian Corporation. We also deliver our transformed coal products to the east of China through the established market network. In addition, all of the six coal mining subsidiaries for production of high-quality coal have decades of history with good market image and reputation and have long-term stable strategic relationship with leading electric, steel and coking enterprises. For overseas business, our targeted markets include Japan, Korea and Australia, with good relationships with numbers of offshore power plants and steel companies. Our major clients have good reputation and financial position, and the main settlement method between the clients and us are spot exchange, bank's acceptance bill and letter of credit.

The following table sets out the production and sale volume of our self-produced coal for the periods indicated:

	Year ended 31 December		Six months ended 30 June
	2019	2020	2021
Production capacity (Mt)	394.7	349.5	339.3
Production volume (Mt)	277.7	270.0	105.0
Utilisation rate (%)	70.4	77.3	30.9
Sale volume (Mt)	221.2	220.5	87.0
Sales over production (%)	79.7	81.7	82.9
Average selling price (RMB/tonne)	513.2	429.5	554.6
Headquarters' coal production cost per ton	335.9	309.2	317.1
Yancoal Australia's coal production cost per ton	270.5	285.3	348.8

In 2020, our total coal production is 270.0 Mt and our operating income for sale of coal reached RMB146.8 billion, while the average price of coal declined due to the adverse effect of the entire industry. As of 30 June 2021, the total production and sale volume of our coal is 105.0 Mt and 87.0 Mt, respectively, with a sales rate of 82.9%. With the completion of our newly constructed mines in Inner Mongolia, Shaanxi, Xinjiang and Australia, our production capacity of raw coal will see a further increase.

We have various types of coal, among which the gas fat coal is our primary type. Our product from the gas fat coal, Yankuang Coal, has a good reputation for coking, thermal power, gas producing, chemical industry and coal water mixture producing, due to its characteristics of "Three Lows and Three Highs" (low ash, low sulphur and low phosphorus and high calorific value, volatility and ash melting point).

The following table sets out our five major customers in our coal segment for the year indicated:

Clients	2020	
	Amount	Portion
	RMB million	%
Shanxi Coking Coal (山西焦煤集團有限責任公司)	4,777.0	3.3
China Huadian Group (中國華電集團有限公司)	3,633.0	2.5
Ma'anshan Iron & Steel (馬鞍山鋼鐵股份有限公司)	1,497.0	1.0
Shandong Iron & Steel (山東鋼鐵有限公司)	1,459.0	1.0
Huaibei Mining Co., Ltd. (淮北礦業集團有限責任公司)	1,283.0	0.9
Total	**12,649.0**	**8.6**

Transportation of coal

The location of our operation in the East China provides us with convenient access to multi-layer sales network of railways, highways, waterways and ocean transportation covering Shandong, Hebei, Jiangsu, Zhejiang, Hubei, Jiangxi and other provinces in China. We also leverage on our closer position to Yangtze River Delta that is economically developed but lack of resources, as compared with our peer companies located in Xinjiang, Inner Mongolia and Guizhou. In terms of the transportation of our coal in Australia, our Premier Coal Mine has entered into a long-term coal sales agreement with Verve Energy, a power generator owned by the Western Australian government, and the coal from such mine is transported by belt conveyors to power plants and by railway to other local users. Further, the coal from the our East Australia's mines is transported by third-party railway network to Newcastle Port, Gladstone Port, etc. and then shipped to South Korea, Japan and other regions worldwide.

Safety production and environmental matters

We are fully committed to the practice of safety production and consider it as the primary responsibility of an enterprise. In order to deepen the construction of safety management and strengthen the pre-control of safety issues, we have established a series of regulations regarding safety responsibilities, provided safety training for our staff and increased investments regarding safety. We operate in accordance with the environmental laws and regulations, without any material violation of environmental laws or regulations, any major environmental incidents or any administrative punishment in relation to environmental protection.

Trading Business

The coal and mining-related materials trading segment is our core business representing our major source of revenue. This business segment primarily consists of the procurement and sales of coal products and mining-related materials, including ore, slag, pig iron, steel, electronic components, mechanical equipment and metal materials. Leveraging our own extensive resources and market advantages to independently develop markets and customers, our coal trading and logistics subsidiary serve the coal production of our Group, gradually form a professional (coal) logistics development model combining coal supply chain management, strategic coal reserve and coal market transaction and grow from a traditional, pure-play coal product provider to a service provider on resource-integrated supply chain management. In addition to our coal sales activities within our coal mining operation, we distribute and sell coal products we procured from other coal suppliers directly to end users in China. As at 31 December 2020, majority of our trading business of coal products was in the Shandong Province, other sales regions included the provinces of Shanghai, Jiangsu and Gansu.

We have a complete supply, marketing and distribution infrastructure. By integrating internal resources, stripping traditional logistics and mining production, optimizing the allocation of logistics resources, we have formed a professional materials trading system and are gradually increasing the maximum use of the existing resources. At the same time, we have actively built a number of large-scale storage and distribution bases to improve the circulation of materials and continuously increased the added value of logistics products, gradually expanding and developing our potential resources.

Our trading business of mining-related materials, primarily consists of the procurement and sales of ore, slag, pig iron, steel, electronic components mechanical equipment and metal materials. With sound supply, sales and delivery infrastructure and through resources integration, we have divested traditional logistics and mining assets, optimized logistics resources allocation and built a professional goods trade system, which has gradually promoted full utilization of existing resources. Meanwhile, our Group has built multiple large-scale storage and distribution bases for higher throughput and constantly raises the added value of logistics services to tap into its potential resources. We also cooperate with other trading companies, including China Railway Materials Company Limited, Zhongmei Technology Group Corporation, Shenhua Group Co., Ltd, Shandong Expressway Co., Ltd, Weihai Shi Jinhou Group Co., Ltd, Jiangxi Coal Industry Group Co., Ltd., to expand our distribution network.

The following table sets out the breakdown of our trading income of by production types for the periods indicated:

	Year ended 31 December			
	2019		2020	
	RMB million	%	RMB million	%
Non-ferrous metals	259,317	69.0	337,853	76.1
Oil products	36,798	9.8	49,017	11.0
Mineral products	26,956	7.2	29,608	6.7
Chemical products	489	0.1	521	0.1
Forestry products	–	–	4,136	0.9
Others	52,330	13.9	22,855	5.2
Total	**375,890**	**100**	**443,990**	**100**

The following table sets out our five major customers in our trading segment for the periods indicated:

	2020	
Clients	Amount	Portion
	RMB million	%
WANXIANG SG PTE. LTD.	14,064	3.2
MATRIX METAL RESOURCES PTE. LTD.	8,278	1.9
YUNNAN (HONGKONG) LOGISTICS DEVELOPMENT LIMITED	7,950	1.8
BRIGHT TALENT HOLDINGS LIMITED	7,177	1.6
SAMSUNG C&T HONGKONG LIMITED	6,930	1.6
Total	**44,399**	**10.0**

Pricing is primarily determined by the cost of the product, price of similar competitive products and services and the market demand. We provide different payment terms to our institutional customers. The principal settlement methods of the coal and mining-related materials trading segment include cash payment, letter of credit and acceptance bill. Most of our businesses conducted within the PRC are denominated and settled in RMB, with the exception that certain receivable and payables, cash and cash equivalents and borrowings incurred in import and export are denominated in U.S. dollars, Euro, Hong Kong dollar, Singapore dollar, Japanese yen, Korean won or British pound.

The following table sets out our five major suppliers in our trading segment for the year indicated:

Clients	2020	
	Amount	Portion
	RMB million	%
SHANDONG HI-SPEED (SINGAPORE) PTE.LTD.	6,812	1.5
Tongling Non-ferrous Metals (銅陵有色金屬集團上海投資貿易有限公司)	6,394	1.4
Shanghai Honglu (上海紅鷺國際貿易有限公司)	5,919	1.3
Shanghai Futures Exchange (上海期貨交易所)	5,460	1.2
METAL RESOURCE INTERNATIONAL HOLDINGS LTD.	5,365	1.2
Total	**29,950**	**6.8**

Once the sales price and type of materials with a customer is determined, our Group begins sourcing from domestic and international suppliers based on the agreed pricing and the required material specification and quantity. Our Group typically takes three to five days between the time it agrees on the price of the materials with its customer and the time it enters into a procurement contract with its suppliers. In terms of the coal trade, purchase and supply contracts are signed immediately after the downstream demand and upstream supply sources are locked up. Upon receiving payments from downstream customers for goods, we make the payment to upstream suppliers to secure the ownership of cargoes and then transfers such ownership to the downstream customers. The settlement cycle depends on the settlement method. Following the procurement of materials from its suppliers, we arrange for the transportation of materials to the designated delivery point by our customers.

Other business

Our other business mainly include coal chemical, real estate, machinery manufacturing and engineering construction. Apart from the above, the other businesses are widely spread out and the portion of the operating income generated from each of these businesses is relatively small. The following table sets out the breakdown of our income from other business for the periods indicated:

	Year ended 31 December				Six months ended 30 June 2021	
	2019		2020			
	RMB million	%	RMB million	%	RMB million	%
Coal chemical	26,877	37.2	24,782	35.9	18,627	31.2
Real estate	4,201	5.8	7,217	10.5	10,713	18.0
Coal machine manufacturing	4,624	6.4	6,023	8.7	2,944	4.9
Engineering construction	2,615	3.6	2,700	3.9	1,567	2.6
Others	33,928	47.0	43,749	51.8	25,762	43.2
Total	**72,245**	**100.0**	**84,471**	**100.0**	**59,613**	**100.0**

Coal chemical

Coal chemical is a field where coal as the raw material is transformed into gas, liquid and solid fuel as well as chemicals through chemical process and coal chemical industry is technology and capital-intensive due to its complex engineering and construction processes. Our coal chemical business is one of the key business segments under the strategy of "equal emphasis on coal and non-coal businesses". Since 2004, we have positioned coal chemical industrial bases in Shandong Lunan, Shaanxi Yulin, Xinjiang Urumqi and Inner Mongolia Erdos, with a focus on the development of coal chemical circular industrial park. Leveraging the strong technological strengths in domestic market, our coal chemical business is developed for comprehensive utilization of coal resources as an extension of the coal industry chain.

We have mastered the indirect liquefaction technology of coal and our One-mtpa Coal-to-liquid Project has been evaluated by the experts of NDRC; the coal-water slurry gasification technology with opposed multi-burner developed together with East China University of Science and Technology received the second prize of National Technology Progress Award and has been put into production by Yankuang Cathay Coal Chemicals Co., Ltd.; the research named Development and Demonstration of Key Technologies for Coal Gasification Power Generation and Methanol Co-production System won the first prize of Technology Progress Award by China Petroleum and Chemical Industry Federation. Our coal liquefaction and coal chemical lab has been recognised as the State Key Laboratory, and reached an agreement to cooperate with an U.S. company, UOP. In addition, we transferred our coal water slurry gasifier and acetic acid synthesis technology with a technology transfer fee of RMB98.4 million, which is a leading practice in the industry.

Our main coal chemical subsidiary is Xinwen Mining Inner Mongolia Hengkun Chemical Co., Ltd. which mainly engaged in the production of urea, coke, caprolactam, oil products, compound fertilizer, methanol, paraformaldehyde, acetic anhydride, ethyl acetate, butyl acetate. The following table sets out the production capacity, production volume and utilisation rate of our coal chemical segment for the periods indicated:

	2019			2020		
	Production capacity	Production volume	Utilisation rate	Production capacity	Production volume	Utilisation rate
	mtpa	Mt	%	mtpa	Mt	%
Methanol	5.5	4.2	76.2	5.4	5.1	94.8
Acetic acid	1.0	1.0	103.3	1.0	1.1	107.2
Urea	0.7	0.7	95.5	0.5	0.5	104.8
Coke	5.9	5.9	100.7	5.0	4.5	91.4
Total	**13.1**	**11.8**	**90.3**	**11.8**	**11.2**	**94.9**

In 2014, with the commencement of operation of the new production line of our methanol, the production volume of our methanol products, acetic acid, urea and coke products have all seen an increase. The production volume of our coke products also increased benefited from the completion and operation of the coke oven upgrading project, and the output also increased. In 2019, our total coal chemical products production was 11.8 Mt, with 4.2 Mt of methanol, 1.0 Mt of acetic acid, 5.9 Mt of coke and 0.7 Mt of urea. In 2020, our total coal chemical products production was 11.2 Mt, with 5.1 Mt of methanol, 1.1 Mt of acetic acid, 4.5 Mt of coke and 0.5 Mt of urea. In 2019, our total coal chemical products production was 7.3 Mt, with 3.6 Mt of methanol, 1.0 Mt of acetic acid, 2.0 Mt of coke and 0.7 Mt of urea.

The following table sets out the sales of our main coal chemical products for the periods indicated:

	2019			2020		
	Sale volume	Sales rate	Average price	Sale volume	Sales rate	Average price
	Mt	%	RMB per tonne	Mt	%	RMB per tonne
Methanol	3.7	86.5	1,681	3.6	70.9	1,346
Acetic acid	0.7	72.3	2,501	0.8	70.8	2,234
Urea	0.6	92.3	1,475	0.5	100.0	1,281
Coke	5.9	99.6	1,616	3.7	82.0	1,927
Total	**10.9**	**92.1**	**1,691**	**8.6**	**76.8**	**1,671**

The gross profit and gross profit margin of our coal chemical segment had been fluctuating in the periods of 2019-2020 mainly due to: (1) the advantage of our centralised management in the coal chemical segment through centralised purchases and sales, which highly enhanced our bargaining power during the coal purchases; and (2) we have taken a series of actions to reduce costs in our coal chemical enterprises, leading to a significant decrease in the labour costs. However, due to the great influence of market price fluctuation, the revenue and profit of coal chemical products show a fluctuating trend.

In 2019, the total sale volume of our main coal chemical products was 10.9 Mt, with 3.7 Mt of methanol, 0.7 Mt of acetic acid, 5.9 Mt of coke and 0.6 Mt of urea. In 2020, the total sale volume of our main coal chemical products was 8.6 Mt, with 3.6 Mt of methanol, 0.8 Mt of acetic acid, 3.7 Mt of coke and 0.5 Mt of urea.

The following table sets out the major clients of our coal chemical products for the year indicated:

	2020		
Clients	**Amount**	**Portion**	**Product**
	RMB million	**%**	
Lianyungang Youlian Chemical Co., Ltd (連雲港友聯化工有限公司)	464.6	1.9	ethyl ester
Shandong Century Donghe Chemical Co., Ltd. (山東世紀東和化工有限公司)	393.0	1.6	acetic acid, ethyl acetate
Linyi Jinyimeng Biological Technology Co., Ltd. (臨沂市金沂蒙生物科技有限公司)	200.1	0.8	acetic acid, ethyl acetate
Taixing Jinjiang Chemical Industry Co., Ltd. (泰興金江化學工業有限公司)	198.4	0.8	acetic acid, ethyl acetate
Pinghu Petrochemical Co., Ltd. (平湖石化有限責任公司)	183.3	0.7	butanol
Total	**1439.5**	**5.8**	**–**

The following table sets out the procurement of the primary raw material for our coal chemical segment for the year indicated:

	2020		
Clients	**Amount**	**Portion**	**Product**
	RMB million	**%**	
Feixian Dacheng Wine Co., Ltd (費縣大成酒業有限公司)	536.6	2.4	ethyl alcohol
Shandong Fulaichun Biological Chemical Co., Ltd. (山東浮來春生物化工有限公司)	499.8	2.2	ethyl alcohol
Hongzhan Heilongjiang Liquor Sales Co., Ltd (鴻展黑龍江酒業銷售有限公司)	398.3	1.8	ethyl alcohol
SDIC Bioenergy Resources Co., Ltd. (國投生物能源銷售有限公司)	294.3	1.3	ethyl alcohol
Yuchi Import & Export (Shanghai) Co., Ltd. (上海煜馳進出口有限公司)	216.9	1.0	propylene
Total	**1,945.9**	**8.7**	**–**

Our Principal Subsidiaries

Yanzhou Coal

Yanzhou Coal was established as a limited liability company in September 1997 by the sole promotor Yankuang Group. Shandong Energy Group and its subsidiaries directly and indirectly hold 56.01% of the total share capital of Yanzhou Coal.

Yanzhou Coal was listed on the New York Stock Exchange, the Hong Kong Stock Exchange and Shanghai Stock Exchange on 31 March 1998, 1 April 1998 and 1 July 1998, respectively, ahead of other PRC coal enterprises. In 2012, upon the completion of the merger between Yancoal Australia, a wholly-owned subsidiary of Yanzhou Coal, and Gloucester, Yancoal Australia was listed on the Australian Securities Exchange.

As of 31 December 2020, the total assets and liabilities of Yanzhou Coal amounted to RMB258.9 billion and RMB179.1 billion respectively, and its owners' equity amounted to RMB79.8 billion. For the year ended 31 December 2020, the operating income of Yanzhou Coal was RMB215.0 billion and net profit attributable to the shareholders was RMB6.8 billion. As of 30 June 2021, the total assets and liabilities of Yanzhou Coal amounted to RMB269.3 billion and RMB187.8 billion respectively, and its owners' equity amounted to RMB81.5 billion. For the six months ended 30 June 2021, the operating income of Yanzhou Coal was RMB65.4 billion and net profit attributable to the shareholders was RMB6.4 billion.

SFEC

SFEC was held by Yanzhou Coal Holdings Co., Ltd, Shaanxi Yanchang Petrol Group Co., Ltd. and Yulin Yuyang State-owned Assets Operation Co., Ltd., with a subscription of 73.9725%, 19.4575%, 5.2% and 1.37%, respectively.

As of 31 December 2020, the total assets and liabilities of SFEC amounted to RMB20.1 billion and RMB8.9 billion, respectively, and its owner's equity amounted to RMB11.2 billion yuan. For the year ended 31 December 2020, the operating income of SFEC was RMB9.3 billion and net profit was RMB2.0 billion. As of 30 June 2021, the total assets and liabilities of SFEC amounted to RMB21.6 billion and RMB8.2 billion respectively, and its owners' equity amounted to RMB13.4 billion. For the six months ended 30 June 2021, the operating income of SFEC was RMB6.5 billion and net profit attributable to the shareholders was RMB2.2 billion.

Yancoal Australia

Yancoal Australia is a 62.26% owned subsidiary of Yanzhou Coal. It was established in November 2004 with a registered capital of AUD64 million. In September 2011, Yanzhou Coal increased its capital in Yancoal Australia by AUD909 million and the registered capital of Yancoal Australia was increased to AUD973 million. In June 2012, Yancoal Australia transferred some assets to Yancoal International, resulting in a decrease of AUD653.14 million in its registered capital. Yancoal Australia increased its registered capital by AUD336.8 million for the acquisition of Gloucester and its registered capital changed to AUD656.7 million; and Yanzhou Coal's shareholding of the equity interest in Yancoal Australia changed to 78%. Yancoal Australia got listed on the Australian Stock Exchange on 28 June 2012 and got dual listed on the Hong Kong Stock Exchange on 6 December 2018. The registration code of Yancoal Australia is 111859119. It is mainly responsible for the operations, budget, investment and financing activities of Yanzhou Coal in Australia.

As of 31 December 2020, the total assets and liabilities of Yancoal Australia was AUD11,055 million and AUD5,862 million, respectively, and the owners' equity amounted to AUD5,193 million. For the year ended 31 December 2020, its operating income was AUD3,473 million and the net profit attributable to the equity holders of the company was AUD1,040 million. As of 30 June 2021, the total assets and liabilities of Yancoal Australia amounted to AUD10,877 million and AUD5,652 million respectively, and its owners' equity amounted to AUD5,225 million. For the six months ended 30 June 2021, the operating income of Yancoal Australia was AUD1,775 million and net loss attributable to the shareholders was AUD129.0 million.

Xinwen Mining

Xinwen Mining Group Co., Ltd. ("**Xinwen Mining**"), a wholly-owned subsidiary of Shandong Energy Group, was established as a limited liability company in March 1998, with a registered capital of RMB3.6 billion.

As of 31 December 2020, the total assets and liabilities of Xinwen Mining amounted to RMB80.8 billion and RMB60.0 billion, respectively, and its owners' equity amounted to RMB20.9 billion. For the year ended 31 December 2020, the operating income of Xinwen Mining was RMB94.3 billion and net profit attributable to the shareholders was RMB1.1 billion. As of 30 June 2021, the total assets and liabilities of Xinwen Mining amounted to RMB82.7 billion and RMB61.5 billion respectively, and its owners' equity amounted to RMB21.2 billion. For the six months ended 30 June 2021, the operating income of Xinwen Mining was RMB50.8 billion and net profit attributable to the shareholders was RMB729.5 million.

Zaozhuang Mining

Zaozhuang Mining (Group) Co., Ltd. ("**Zaozhuang Mining**"), a wholly-owned subsidiary of Shandong Energy Group, was established as a limited liability company in April 1998, with a registered capital of RMB1.2 billion.

As of 31 December 2020, the total assets and liabilities of Zaozhuang Mining amounted to RMB70.6 billion and RMB31.6 billion, respectively, and its owners' equity amounted to RMB39.0 billion. For the year ended 31 December 2020, the operating income of Zaozhuang Mining was RMB141.6 billion and net profit attributable to the shareholders was RMB993.3 million. As of 30 June 2021, the total assets and liabilities of Zaozhuang Mining amounted to RMB72.0 billion and RMB32.3 billion respectively, and its owners' equity amounted to RMB39.7 billion. For the six months ended 30 June 2021, the operating income of Zaozhuang Mining was RMB90.9 billion and net profit attributable to the shareholders was RMB689.9 million.

Zibo Mining

Zibo Mining Group Co., Ltd. ("**Zibo Mining**"), a wholly-owned subsidiary of Shandong Energy Group, was established as a limited liability company in January 1992, with a registered capital of RMB632.0 million.

As of 31 December 2020, the total assets and liabilities of Zibo Mining amounted to RMB46.8 billion and RMB24.0 billion respectively, and its owners' equity amounted to RMB22.9 billion. For the year ended 31 December 2020, the operating income of Zibo Mining was RMB54.7 billion and net profit attributable to the shareholders was RMB998.4 million. As of 30 June 2021, the total assets and liabilities of Zibo Mining amounted to RMB47.5 billion and RMB23.4 billion respectively, and its owners' equity amounted to RMB24.2 billion. For the six months ended 30 June 2021, the operating income of Zibo Mining was RMB33.3 billion and net profit attributable to the shareholders was RMB1.2 billion.

Our Projects Under Construction

Our Developmental-stage Projects under Construction

The following table sets out the Group's major developmental-stage projects under construction as of 30 June 2021:

Unit: RMB100,000,000

Project Name	Total investment budget	Total Investment as of 30 June 2021	Investment Budget for the second half of 2021	Percentage of investment as equity
Rongxin Phase II Construction Project.....	73.4	67.18	2.6	30%
Wanfu Coalfield and Coal Preparation Plant Project	50.4	43.26	6.1	30%
Yulin Methanol Plant Phase II Project.....	46.0	39.66	1.4	30%

Unit: RMB100,000,000

Project Name	Total investment budget	Total Investment as of 30 June 2021	Investment Budget for the second half of 2021	Percentage of investment as equity
300,000 Tons Caprolactam Project	40.5	30.7	7.0	30%
Changcheng No. 2 Coal Phase II Project	26.4	16.7	1.9	30%
Luxin Coal Project	30.3	49.4	0.7	30%
Youfanghao Coal Project	42.7	12.5	1.0	30%
Shaozhai Coal Project	32.7	33.4	3.0	30%
Jinyuan Coal Project	38.8	10.0	3.0	30%
Total	**380.9**	**302.8**	**26.7**	**–**

Information set out below is the major projects under construction as of 30 June 2021:

Rongxin Phase II Construction Project (榮信二期建設項目)

Through Yanzhou Coal Mining Co., Ltd., we developed and constructed Rongxin Phase II Construction Project, which is located in Sanxiangliang Industrial Park, Dalad Banner, Inner Mongolia Autonomous Region. The designed capacity is 900,000 tons of methanol per year, 400,000 tons of ethylene glycol per year and 300,000 tons of DMMn per year. The total investment of the project is RMB7.3 billion and the after tax investment payback period is 8.31 years. As of 30 June 2021, Rongxin Phase II Construction Project has been substantially completed.

Wanfu Coalfield and Coal Preparation Plant Project (萬福礦井及選煤廠)

We developed the Wanfu project, which is located in Heze City, Shandong Province and covers an area of 109.3 square kilometres. Wanfu project was estimated to have basic reserves of 309 Mt, recoverable reserves of 144 Mt and has a designed annual production capacity of 1.8 Mt. The types of coal are mainly fat coal and high quality coking coal. The investment budget for the project is RMB3.8 billion. All the approvals and certificates have been obtained except for certain supporting documents such as mining license and the land transfer related documents, for which the applications are in progress. The construction of the project commenced in March 2013. With a 15-months-long preparation period and a 59-month-long mine construction period, the trial production commenced in August 2019. As of 30 June 2021, a total investment of RMB4.3 billion had been made for the project.

Yulin Methanol Plant Phase II Project (榆林甲醇廠二期項目)

Through Yanzhou Coal Mining Co., Ltd., we developed and constructed Yulin Methanol Plant Phase II Project, which is located in Yuyang District, Yulin City, Shaanxi Province. The construction scale of the project is 800,000 tons per year for methanol plant and 500,000 tons per year for DMMn plant. The total investment of the project is RMB4.6 billion, and the after tax investment recovery is 8.69 years. As of 30 June 2021, Yulin Methanol Plant Phase II Project has been substantially completed.

300,000 Tons Caprolactam Project (30萬噸己內酰胺項目)

Through Yankuang Chemical Co., Ltd., we developed and constructed 300,000 Tons Caprolactam Project, which is located in Tengzhou City, Shandong Province. The annual production capacity of the project is 300,000 tons of caprolactam, including liquid 200,000 tons, solid caprolactam 100,000 tons, with the by-products of 480,000 tons of ammonium sulfate and 66,150 tons of cyclohexane. The total investment of the project is RMB4.0 billion with the after-tax investment recovery period of 8.83 years. The project commenced in June 2019 and has been substantially completed as of 30 June 2021.

Changcheng No. 2 Coal Phase II Project (長城二礦二期項目)

According to *the Reply on the Overall Planning (Revision) of Shanghaimiao Mining Area in Inner Mongolia* (DR Energy [2013] No. 350) issued by NDRC, the construction of Fucheng coal mine with a capacity of 4 million tons per year (Phase I: 1.2 million tons per year) is approved. As of 31 December 2020, Changcheng No. 2 Coal Phase II Project has obtained the Approval of Mahuang Mine Project in Shanghaimiao Mining Area in Inner Mongolia (DR Energy [2013] No. 708) and Neihuan Shen [2007] No. 259 EIA Reply. As of 30 June 2021, a total investment of RMB1.7 billion had been made for the project.

Luxin Coal Project (魯新煤礦)

Located in Xilin Gol League, Inner Mongolia Autonomous Region, the mine has a design production capacity of 5 million tons per year. It has obtained the reply of DR Energy [2009] No. 320, the reply of the National Energy Administration on agreeing to carry out the preliminary work of the project in Nongnaimiao Luxin coal mine in Hesguula mining area, Inner Mongolia (GNC [2014] No. 354), and the EIA Reply of Neihuan Shen [2007] No. 244. As of 30 June 2021, a total investment of RMB5.0 billion had been made for the project.

Youfanghao Coal Project (油房壕煤礦)

Located in Dongsheng District, Ordos, Inner Mongolia Autonomous Region, Youfanghao Coal Project has a design production capacity of 5 million tons per year. In March 2013, the National Energy Administration issued GNC [2013] No. 128, which permitted enterprises to carry out the preliminary work in Youfanghao coal mine in Tarangole mining area, Inner Mongolia. As of 30 June 2021, a total investment of RMB1.3 billion had been made for the project.

Shaozhai Coal Project (邵寨煤礦)

Located in Lingtai County, Pingliang City, Gansu Province, the designed mine construction scale is 1.2 million tons per year. In March 2019, we obtained the Approval of Shaozhai Coal Mine Project in Lingtai Mining Area, Gansu Province (GNC [2019] No. 25) from National Energy Administration. As of 30 June 2021, a total investment of RMB3.5 billion had been made for the project.

Jinyuan Coal Project (錦源煤礦)

Located in Shanxi Province, Jinyuan Coal Project is a new project with an annual capacity of 6 million tons per year approved by the NDRC in DR Energy [2013] No. 699 and DR Energy [2017] No. 1557. In May 2018, the project was approved by Jin Mei Shen Fa [2018] No. 55. As of 30 June 2021, a total investment of RMB1.0 billion had been made for the project.

Save as disclosed in this Offering Circular, all the relevant approvals and licenses in relation to the projects mentioned above have been obtained from the relevant regulatory authorities pursuant to the laws and regulations of PRC. They are in fully compliance with relevant governmental document and industrial policies. See "Risk Factors – Risks Relating to the Group's Business – We may not be able to obtain all necessary approvals, permits and licenses."

Our Proposed New Project

Save as disclosed above, there is no plan for new project investment in the next two years for the time being to our best knowledge.

Recent Development

Further financial information

The further information set forth below, which has not been audited, is in relation to the reviewed consolidated interim financial statements as of and for the six months ended 30 June 2021 (which have not been audited but have reviewed by Zhongxingcai) and should be read in conjunction with, and is qualified in its entirety by reference to, the reviewed consolidated interim financial statements, which are included in the F-pages of this Offering Circular.

Cash and cash equivalents

Items	As of 30 June 2021	As of 31 December 2020
	(RMB'000)	
Cash on hand	1,065	4,310
Bank deposits	50,743,001	39,958,224
Other cash and cash equivalents	18,303,479	21,861,929
Total	**69,047,545**	**61,824,463**

Inventories and depreciation reserve

	As of 30 June 2021			As of 31 December 2020		
Items	Carrying Amount	Depreciation Reserve	Book Value	Carrying Amount	Depreciation Reserve	Book Value
			(RMB'000)			
Raw materials	4,869,823	41,296	4,828,527	4,616,216	33,003	4,583,213
Semi-finished products and products in process	38,110,384	7,781	38,102,603	39,730,394	6,770	39,723,624
Stock goods (finished goods)	24,683,213	277,031	24,406,182	19,088,790	299,263	18,789,527
Revolving materials	710,838	107	710,731	692,250	107	692,143
Construction (completed but not settled)	296,222	–	296,222	258,626	–	258,626
Goods in transit	1,280,931	12,449	1,268,482	499,306	12,445	486,860
Other	340,226	935	339,291	178,898	935	177,963
Total	**70,291,637**	**339,599**	**69,952,039**	**65,064,480**	**453,504**	**64,711,957**

Short term borrowings

Items	As of 30 June 2021	As of 31 December 2020
	(RMB'000)	
Pledge loan	244,727	378,028
Mortgage loan	3,253,604	1,204,505
Guaranteed loan	28,717,493	28,297,191
Credit loan	42,972,058	44,812,995
Guaranteed mortgage loan	6,261	26,261
Total	**75,194,142**	**74,718,980**

Long-term borrowings

Items	As of 30 June 2021	As of 31 December 2020
	(RMB'000)	
Credit loan	63,312,996	55,995,798
Mortgage loan	3,094,494	5,263,546
Guaranteed loan	52,377,878	55,066,795
Pledge loan	4,902,764	3,398,549
Mortgage, pledge and guarantee loan	1,514,310	448,050
Total	**125,202,441**	**120,172,738**

Interest payable

Items	As of 30 June 2021	As of 31 December 2020
	(RMB'000)	
Interest on long-term borrowings paid in installments with principal repaid at maturity date	544,156	855,544
Interest on bonds	555,368	1,391,337
Interest payable on short-term borrowings	210,361	418,725
Other interest payable	13,226	34,559
Total	**1,323,112**	**2,700,167**

Financial expenses

	For six months ended 30 June	
Items	2021	2020
	(RMB'000)	
Interest expenses	6,856,442	6,733,345
Less: Interest income	1,486,885	1,454,650
Acceptance bill discount	271,644	178,685
Net loss on foreign exchange	-275,120	-314,573
Commission charge	361,725	366,668
Others	336,786	278,856
Total	**6,064,593**	**5,788,331**

Recent Issued Bonds and Securities

The Group and its subsidiaries issue corporate bonds in the domestic and overseas markets from time to time. The issuance of the bonds have issued by the Group and its subsidiaries since 30 June 2021 are set as follows:

Medium-term notes:

- the Group issued five-year medium-term notes in the principal amount of RMB2.0 billion with an interest rate of 3.80% per annum in July 2021.

Commercial paper:

- the Group issued 180-day super short-term commercial paper in the principal amount of RMB2.0 billion with an interest rate of 2.87% per annum in July 2021.
- the Group issued 257-day super short-term commercial paper in the principal amount of RMB2.0 billion with an interest rate of 2.80% per annum, and 150-day super short-term commercial paper in the principal amount of RMB2.0 billion with an interest rate of 2.70% per annum in August 2021.

- Yanzhou Coal issued 270-day super short-term commercial paper in the principal amount of RMB3.0 billion with an interest rate of 2.80% per annum in August 2021.

Our Guarantees in Favour of Independent Third Parties

In 2006, we revised and issued "Interim Measures for Administration of Yankuang Group Co., Ltd. Guarantee" (Yan Kuang Ji Tuan Cai Fa [2006] No. 191), which set up specific decision-making procedures for internal control of security, provide for relevant requirements for guarantees, elaborating the standards for guarantees, enforcing the inspection on the guaranteed company's creditability, financial position, purpose of loan and use of fund. In March 2021, we further revised and issued "Shandong Energy Group Co., Ltd. Guarantee Management Measures" (Shanneng Group Fa [2021] No. 31) , which formulated strict internal guarantee control measures, refined the guarantee standards and strengthened the review of the loan qualifications, financial status, loan use and fund use of the guaranteed company.

As of 30 June 2021, we provided external guarantees of RMB3.8 billion to independent third parties, among which, RMB2.5 billion was provided for Yili Xintian Coal Chemical Co., Ltd.. See "Risk Factors – Risks relating to our business – We provided guarantees of significant amounts to third parties."

Intellectual Property

We rely on a variety of patents, copyrights, trade secrets and trademarks to maintain and enhance our competitive position. As of 30 June 2021, we held 5,505 patents and 98 software copyright licenses generating revenue of approximately RMB4.0 billion for our Group.

Research and Development

We emphasise the development of our coal business through the advancement of technology based on proprietary innovation and new industrialisation. Since Thirteenth Five-Year Plan, we have established seven engineering laboratories at provincial level, four technology research centres at provincial level, three engineering research centre at industry level, 17 enterprise technology centre at provincial level, one postdoctoral research station, four postdoctoral innovative practice bases and seven academician work stations, which we believe exemplify our leading research and development capabilities in the PRC coal industry. Further, we have undertaken 24 key research and development programs or projects at national level and 26 key research and development programs at provincial level, and led or participated in the formulation of 106 national and industry standards.

We have made a large number of technological achievements in recent years, including:

- The successful development of proprietary low-temperature fischer-tropsch synthesis coal indirect liquefaction technology and high-temperature fischer-tropsch synthesis coal indirect liquefaction technology;
- The successful passing of technology verification regarding the low-temperature fischer-tropsch synthesis coal indirect liquefaction technology, the hydrodesulfurization of low temperature feitorite synthesis products in coal base slurry bed technology and the development and amplification of ferry-based slurry bed fischer-tropsch synthesis catalyst technology; and
- The recognition of coal indirect liquefaction catalysts and key technology by the Science and Technology Ministry of the PRC as a National Tenth-Five Year Plan Project in December 2005.

We have also invested into the emerging sectors such as:

- Establishing an expert team and selecting a number of projects of national importance for artificial intelligence to serve industrial development;
- Actively promoting new energy such as biomass energy, hydrogen energy and solar energy;
- The operation of the Equador green-field project to open up our strategically focused area of Latin-America; and
- The acceleration of our research and development of high-end materials for purposes such as high-speed trains and railway transportation in general to advance the development of our light alloy business.

We hold a portfolio of world-leading core technology in the fields of coal production, clean coal and coal chemical. In the coal production field, we believe our comprehensively mechanical breaking coal-bed technology is the most advanced technology in the world for the mining of thick layers of coal. In the clean coal field, we developed coal water slurry additives of high quality and low cost. In the coal chemical field, we have mastered the world-leading texaco gasification technology and have proprietary opposed gasifier technology and the synthesis of acetic acid by low pressure carboxylation of methanol technology.

We emphasise comprehensive environmental impact management from production to consumption to control and reduce the emission of pollution in every step, and have been recognised as an Enterprise of Outstanding Contribution by the First Low-Carbon China Forum and a Demonstrative Environmentally Friendly Minding Zone in China.

Competition

Domestic mining operations

Our primary market, the PRC domestic coal market, is characterised by numerous small-scale coal suppliers. Although the domestic coal market is segmented principally by geographic regions due to the wide distribution of coal reserves, the domestic market in China is dominated by a number of large-scale coal producers. We compete principally on the basis of the availability and cost of transportation, coal quality and timely delivery.

Our domestic competitors primarily include a number of coal mines located in Shanxi, Shaanxi and Inner Mongolia. Certain of our competitors from these regions have substantial reserves and favourable geological conditions. However, these competitors incur significant transportation costs when they supply to their end user customers located in Eastern China. In addition, we, along with a competitor, are the two major coal group enterprises under the Shandong Provincial State-owned Assets and Administration Commission. Whereas this competitor mainly conduct sales in East China and North China, we primarily sell products to East and North China as well as export to countries such as Japan, Korea and Australia. In recent years, we received far more operating income than such competitor and as the further restructuring our coal industry, our leading position in the coal industry is expected to be further enhanced.

Although we have strengths in the quality of our coal product and our sales network, we may not be able to compete effectively in this region. Our failure to compete effectively may in turn materially and adversely affect our results of operations.

Australian mining operations

We primarily compete with several large coal mining enterprises in Australia, including BHP Billiton, Peabody Energy Australia, Rio Tinto Coal, Glencore and Whitehaven Coal. Given that we mainly export our coal production in Australia to other Asian countries, particularly South Korea and Japan, we also compete with other mining enterprises located in China, Indonesia and Mongolia, some of which are located in close proximity to our customers. Some of our competitors are large mining companies with a longer operating history, greater financial resources, stronger brand recognition and greater economies of scale as compared to our Company. However, we believe we are able to maintain our competitiveness. Through the use of our independently developed longwall top caving mining method, we believe we are able to extract coal more efficiently in our mining operation than our competitors, particularly those competitors with mining operations that involve coal extraction from thick coal seams.

Employees

As of 30 June 2021, our Group had a total of 215,413 full time employees. Set out below is a breakdown of the number of our employees by function as of the same date:

Functions	Number of employees	Percentage
Production	169,393	78.6
Technician	26,819	12.5
Accounts and Finance	3,325	1.5
Administration	12,257	5.7
Other	3,619	1.7
Total	**215,413**	**100.0**

Health and Safety

The Group has elaborated and prepared "Shandong Energy Group Co., Ltd. Comprehensive Emergency Plan for Production Safety Accident" (Shanneng Group issued [2020] No. 18), "Management Measures for Safety Risk Management and Control and Hidden Hazard Investigation" (Shanneng Group issued [2021] No. 3), "Safety Measures for Production Supervision and Inspection (for Trial Implementation)" (Shanneng Group Fa [2021] No. 35), and "Management Measures for Safety Production Standardization" (Shanneng Group Fa [2021] No. 36), and has promoted effectively the company's safety management legalisation progress, elaborated the safety production liability on various levels and departments, further improved and regulated safety production management and operational mechanism and procedures, enforced the safety production liability system, exercised the functions of multiple safety production departments and established a high efficiency operational mode for safety production and technical management.

The Group has established a complete safety production supervision and management structure, prepared safety system measures, enforced safety production liability. This company has signed safety target liability agreements with its 8 subsidiaries, prepared the "Safety Performance Appraisal Measures", elaborated and defined the safety production liabilities between production units for construction project, specified the safety production liabilities on various levels, clarified the business security liability and safety production supervision liability on various levels, further enforced the division of responsibility among leaders, the departmental business security liability and employee position safety liability, strictly implemented the leaders' safety package system, and promoted a system under which leaders are responsible for supervising the operations on the spot.

The Group has established a complete safety production system, strictly implemented a working system where the team leader, group head and safety supervisor are present, taking safety as a key factor in evaluating the performance of various team leaders and group heads, and implemented an incentive mechanism of "Safety all year round" for the group head of underground team; strictly implemented the system of "different levels wearing different safety labels", the "six no-signings", and "ten procedures for operations", whereby safety management is carried out sustainably and hierarchically. The company has established a safety supervision network with CPC members taking the lead on various posts including youth post and assistance post, whereby safety supervision is covered by network in a systematic way. With scientific renovation, facility operations are more reliable. By overcoming difficulties in technology, employees' labour intensity has been reduced, and working environment improved. The six systems, i.e. mine safety supervision, labour management, self-rescue, water supply rescue, telecommunication, and emergency rescue, provide reliable measures for production management and rescue support. The company has promoted the construction of a "dust-free" mine area, developed dust-proof technology and implemented comprehensive management, in order to achieve a clear working area to safeguard the employees' health. It has further enhanced the system and strengthened the control over safety management. Safety comes from quality, and quality comes from details. It has focused on key issues, weaknesses in safety production, enforced management, carrying out strict disciplines, and enforced spot safety control. It has also implemented a risk appraisal system for employees and set up a 1000-mark appraisal system for leaders. It prioritises safety quality in the distribution policy, standardising the safety quality, and carried out safety quality competition by dividing the mine work into four types and dividing ground work into six types, upgrading the mine safety standards.

In recent years, the Group has seen great progress in overall safety production and has not incurred any significant safety accidents or any significant administrative punishments due to safety problems. For the twelve years from 2009 to 2020, the fatality rate per Mt of ROM coal production of Yanzhou Coal in China remained zero. By comparison, the national average fatality rate per Mt of ROM coal production decreased from 0.892 to 0.059 during the same period.

Corporate Social Responsibility

We promote corporate social responsibility and our subsidiary Yanzhou Coal publishes corporate responsibility reports annually. We aim at building a resource-efficient and environmentally friendly enterprise with green mining and clean production. We also implement the Blue Sky Project in relation to the development of clean coal products including clean coal and high-efficiency coal dust.

We are dedicated to achieving a win-win relationship with local communities. We actively implement village relocation and reclamation of subsidence areas and support the development of local economies. We provide customised and intelligent services to local communities to enhance safe and convenient living conditions for local communities. We organised 33 volunteer associations to provide volunteer work for local communities and are also engaged in targeted poverty relief works.

In 2018, the Group put great efforts in the full implementation of the strategic plans for poverty alleviation released by the central government and the provincial party committee of Shandong. Three "first secretaries" were dispatched to three poor villages in Heze city to supervise the key work for poverty alleviation, including party building, infrastructure construction, industry development and aid to poor families, involving a total fund of RMB2.2 million. The coal mines of the Group also donated 6,000 tons of coal for winter to the kindergartens in Wushen Banner, Inner Mongolia, Mutual Welfare Institutes, and poor villages in Heshun County, Shanxi, to ensure local residents stay warm during the winter. We also helped 213 villagers in three villages in Heze City to obtain coal-to-electricity conversion projects. The production and living conditions of the people have been greatly improved. Through visit-based activities, a total of RMB8.75 million was spent in helping 5,361 financially-challenged staff. In 2020, the Group further promoted the "three-heart program". More than 4,072 volunteers have joined the program, and 5,089 public welfare activities were carried out throughout the year. In addition, several donation activities were carried out in 2020 to assist local governments in building bridges, roads, water facilities, clinics, sewers, and street lamps, as a mean to improve people's living environment and lay a good foundation for the further development of the local economy.

Environmental Protection

We are subject to various PRC national environmental laws and regulations and also environmental regulations promulgated by the local governments in whose jurisdictions we have operations. There are national and local standards applicable to emissions control, discharges and disposal to surface and subsurface water, and the generation, handling, storage, transportation, treatment and disposal of solid waste materials. The environmental regulations require us to submit an environmental impact assessment report to the relevant government authority for approval before we undertake any construction of a new project or any major upgrade of existing projects.

The Group has prepared and issued the "Opinion Regarding Implementing Environmental Protection Liability", whereby the liability is enforced on various levels. To enforce supervision and coordination, the company has also prepared and issued the "Notice Regarding Establishment of Environmental Protection System to Achieve 0-report on Safety Issues", and organised environmental protection work meetings every quarter, environmental protection information reports every month, and environmental protection reports every day, so that the environmental protection work is carried out smoothly.

Over the past years, the Group has strengthened the awareness of energy saving and environmental protection, and it understands the premises that "energy is limited, non-regenerated and should be sufficiently used", and that "a low-carbon economy is not to limit development, and its target is to achieve a high growth with low carbon". It sets the target of a circular economy, focusing on the targets of recycling resources, lowering energy consumption, discharging polluted matters up to standard, achieving an ecological mine area, making sure that the mines are developed with scientific technology, high-efficient use, regulated management, environmental process, and ecological environment. It focuses on key technical development, exercising the advantages of mine industry, optimising the industrial

structure, promoting the construction of an energy-saving and environment-friendly enterprise. We were recognised by the Shandong Province government as a recycle economy enterprise, environment-friendly enterprise, and one of top ten energy-saving and reduced discharge enterprises.

We focused on the change of coal industry development mode, studied safe and high-efficient low-carbon mining technology, completed a comprehensive mining science research project, which as compared with the layer mining method, reduces assisting production labour, saves the equipment investment, and improves recovery rate. It has focused on upgrading the energy utility rate, studied and come up with the key technology of coal conversion deep-processing, sticking to principle of "multiple elements, low-carbon and technical advancement", studied a joint production mode based on clear coal, and based on its own IP, successfully developed technology such as multiple nozzle water-coal slurry gasifier, gas power-generation and methanol joint production (IGCC), dust coal pressure gasifier and low pressure carbonyl synthetic acetic acid. Yankuang Group insisted on the principle of clear energy, refined chemical, high-end products, and implemented the industrial layout by focusing on the "industrial unification, layout regionalisation, and development internationalisation".

Cultivating as a leader, demonstrator and promoter in the efficient and clean utilization of coal, we make breakthroughs in the core technology of coal gasification, take the lead in the efficient and clean transformation of coal, build a total clean energy solution provider and take "Blue Sky Project" as the "No.1 Project" for transformation and upgrading. In addition, we have invested RMB2.83 billion in green development and implemented 712 projects since 2018, including Underground Mine Water Treatment Project of Lilou Coal Mining, Advanced Mine Water Treatment Station of Bayangol Mine, Closed Treatment of Coal Field Storage, Loading and Transportation System of Xinwen Coal Company, Coal Field Closure Project of Liangbaosi Coal Mine and Ultra-low emission retrofitting project of Shengyuan thermal power boiler and other environmental protection treatment projects.

We believe that our businesses are in compliance with currently applicable national, local and foreign environmental laws and regulations in all material aspects. For the past three years, we had not encountered any material issues relating to environmental matters or been subject to any material administrative penalties due to any activities that may cause pollution to the environment.

Insurance

All of our fixed assets and assets under our operation are insured. For risks relating to our insurance, see "Risk Factors – Risks Relating to the Group's Business – Our insurance will not cover all the potential risks associated with our operations."

Properties

We hold certain building ownership rights and land use rights, and lease certain buildings, for our business operations. Such properties are mainly used for service outlets, gas regulator stations, gas-fuelled vehicle filling stations and office buildings. The land use rights to a substantial portion of the land and property we occupy were historically allocated by the PRC government to us as a state-owned enterprise in accordance with the relevant PRC laws and regulations. We obtain new land use rights from the state through bidding, auctions and listings in accordance with applicable regulations.

Legal Proceedings

As of the date of this Offering Circular, neither we nor any of our principal subsidiaries are involved in any litigation, which would have a material adverse effect on the business, financial condition or results of operations of the Group as a whole, and no material litigation or claim is known by us to be pending or threatened against us or any of our principal subsidiaries.

Board of Directors of the Guarantor

The following table sets out information of the members of the board of directors of the Guarantor as of the date of this Offering Circular:

Name	Age	Position
Li Wei (李偉)	55	Secretary of CPC Committee and Chairman of the board
Zhang Baocai (張寶才)	54	Deputy Secretary of Party Committee, Director, General Manager
Yue Baode (岳寶德)	52	Deputy Secretary of Party Committee, Director
Gu Shisheng (顧士勝)	60	Employee Director
Ru Gang (茹剛)	49	External Director and Financial Director
Xiang Lichang (相立昌)	60	External Director
Chen Hong (陳宏)	61	External Director
Zhou Jian (周建)	57	External Director
Yang Chaohe (楊朝合)	57	External Director

Li Wei, aged 55, with an on-the-job postgraduate degree and a PhD degree of Engineering, is a CPC member, and Chairman of the Board of Shandong Energy Group. He previously served at Baodian Coal Mine of Yankuang Group as Mine Director and Deputy Secretary of the Party Committee, served at Nantun Coal Mine of Yankuang Group as Mine Director and Deputy Secretary of the Party Committee; served at Yankuang Group originally as Deputy Director and Deputy Chief Engineer of the Safety Supervision Bureau, and then served as Deputy General Manager and Director of the Safety Supervision Bureau; after that, served as Director, General Manager and Deputy Secretary of the Party Committee of Yanguang Group. He also served at Hualu Holding Group Co., Ltd. as Deputy Secretary of the Party Committee, Director and General Manager of the group.

Zhang Baocai, aged 54, with a college degree and a master degree of business administration, is a CPC member, and Member of the Standing Committee of the Party Committee and Deputy General Manager of Shandong Energy Group. He previously served at Yankuang Group as Chief of Finance Department, Member of the Standing Committee of the Party Committee, Director and General Counsel; served at Yanzhou Coal as Deputy Minister of Finance Department, Minister of Planning and Finance Department, Director, Secretary of the Board of Directors, Director of the Secretariat of the Board of Directors, Deputy General Manager; served at Yancoal Australia as Vice Chairman and Chairman of the Executive Committee; served Yankuang Group Finance Co., Ltd. as Chairman. Mr. Zhang is a professor-level senior accountant and obtained his EMBA degree from Nankai University.

Yue Baode, aged 52, with a college degree and a master degree, is a CPC member, and Director and Deputy Secretary of the Party Committee of Shandong Energy Group. He previously at served Shandong Institute of Architecture and Engineering as Secretary and Deputy Director of the Office of the Party Committee, Deputy Director of the Office of the Board of Directors, Secretary of the Youth League Committee, Director of the Office of the Party Committee, Director of the Office of the Dean; served at Shandong University of Architecture as Director of the Organization Department of the Party Committee, Vice President of the Party School, Member of the Party Committee and Vice President; served at Yankuang Group as Secretary and Director of the Party Committee. Mr. Yue, with 30 years of experiences in the industry, is a professor-level senior political engineer and obtained his master's degree in scientific socialism and international communist movement from Shandong University.

Gu Shisheng, aged 60, with a postgraduate degree and a master degree, is a CPC member, and Employee Director of Shandong Energy Group. He previously served at Yankuang Group as Secretary of the Youth League Committee of Xinglongzhuang Coal Mine, Deputy Secretary and Secretary of the Youth League Committee, Deputy Secretary of the Disciplinary Committee, Deputy Secretary and Secretary of the Party Committee; served at Yankuang Group as Deputy Secretary of the Disciplinary Committee and Minister of Supervision.

Ru Gang, aged 49, with a college degree and a master degree, is a China Democratic National Construction Association member, and External Director and Financial Director of Shandong Energy Group. He previously served at Shandong Securities Management Headquarters of China New Technology Venture Capital Company as Deputy Manager of Finance Department and Manager of Research and Development Department; served at Shandong Zhongchuang Software Engineering Co., Ltd. as Director of Capital Market Research Center; served at Shandong TV-NET Medium Development Co., Ltd. as Director and Secretary of the Board of Directors; served at Zibo Mining Group as external director and financial director; served at Yankuang Group as external director and financial director. Mr. Ru is a certified public accountant and securities practitioner and obtained his master's degree in economics from Shandong University. Mr. Ru was also selected by the high-end training project for chief accountants of large and medium-sized enterprises and institutions nationwide.

Xiang Lichang, aged 60, with a college degree, is a CPC member, and External Director of Shandong Energy Group from July 2020. He previously served at Linyi Regional Transportation Bureau as Deputy Chief of Business Section; Deputy Director and Director of the Office of the Linyi Regional Transportation Committee; served at Linyi Transportation Management Office as Secretary of the Party Branch; served at Shandong Provincial Transportation Department as Deputy Director, Director and Secretary of the Party Committee (Deputy Department Level); served at Qilu Transportation Development Group Co., Ltd. as Deputy Secretary of the Party Committee, Director and General Manager.

Chen Hong, aged 61, with a PhD degree, is an external director of Shandong Energy Group from September 2020. He is also the Deputy Dean and Professor of Shanghai Advanced Institute of Finance. He previously was Deputy Dean of Cheung Kong Graduate School of Business, Director of Operations and Logistics Department of University of British Columbia in Canada, and served at Yankuang Group as External Director.

Zhou Jian, aged 57, with a postgraduate degree and a PhD degree, is External Director of Shandong Energy Group from September 2020. He is also a professor and doctoral supervisor of the Business School of Nankai University, and the Director of the Case Study Center of the Business School of Nankai University, the Deputy Director of the Department of Economics and Management of Binhai College of Nankai University, and the Director of marketing major.

Yang Chaohe, aged 57, with a postgraduate degree and a master degree, is CPC member, and External Director of Shandong Energy Group from September 2020. He is also the Dean of the School of Chemical Engineering of China University of Petroleum (East China), the Dean of the School of Safety Supervision and Supervision (Qingdao) of the Emergency Management Department (formerly the State Administration of Work Safety), the Deputy Director of the State Key Laboratory of Heavy Oil, and the Ministry of Education of New Oil and Gas Processing Technology Director of Engineering Research Center.

Senior Management of the Guarantor

The following table sets forth the senior management of the Guarantor as of the date of this Offering Circular:

Name	Age	Position
Zhang Ruoxiang (張若祥).....	56	Member of the Standing Committee and Deputy General Manager
Yue Jianghua (樂江華).....	49	Member of the Standing Committee and Deputy General Manager
Liu Jian (劉健).....	52	Member of the Standing Committee and Deputy General Manager

Zhang Ruoxiang, aged 56, with collage education, is a CPC member and a member of the Standing Committee of the Party Committee and Deputy General Manager of Shandong Energy Group. He previously served Femine Group as deputy mine chief and mine manager of Zhazhuang Coal Mine and then the deputy general manager of Femine Group; served Zi Mining Group as deputy general manager; served Long Mining Group as general manager, deputy secretary of the party committee and director and then the secretary of the party committee, chairman of the board and general manager of Long Mining

Group; served Xinkuang Group as general manager, secretary of the party committee and chairman of the board. Mr. Zhang is a Engineering Technology Application Researcher and obtained his university degree from the Party School of the Provincial Party Committee.

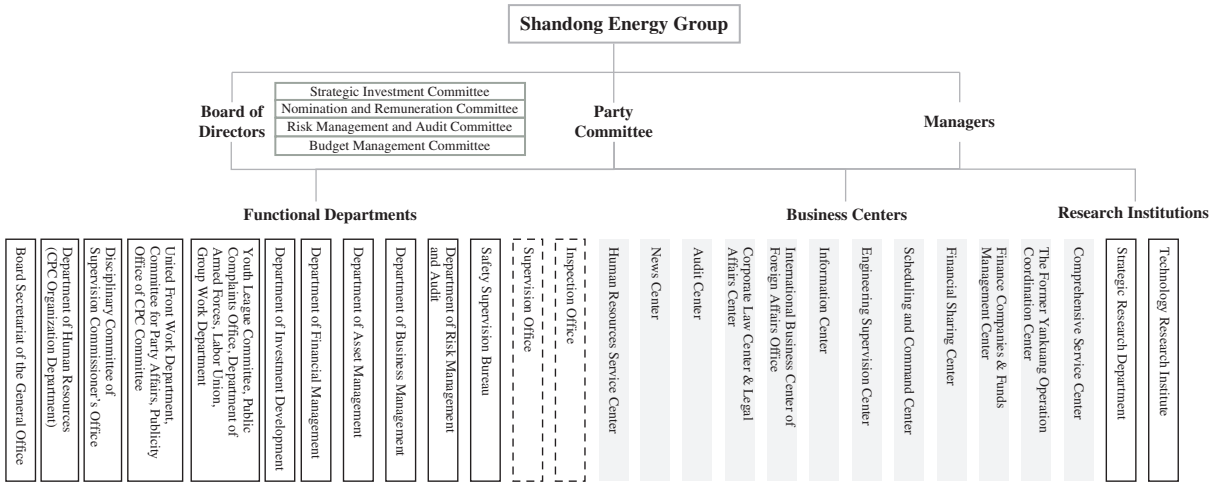
Yue Jianghua, aged 49, with collage eduction and a master degree, is a CPC member and senior political worker and member of the Standing Committee of the Party Committee and Deputy General Manager of Shandong Energy Group. He previously severed General Office of Heze Municipal Committee of CPC as deputy director and principal staff member; served The First Geological Investigation Institute of Shandong Bureau of Geology and Mineral Resources as member of the party committee and deputy dean; served Shandong Exploration bureau of Geology and Mineral Resources as consultant of its General Office and director of its discipline inspection and Supervision Office and deputy director of General Office and member of standing committee; served Shandong Lunan Geological Engineering Survey Institute as secretary of the party committee and deputy dean.

Liu Jian, aged 52, with collage education and a master degree, is a CPC member and application researcher of engineering technology and the Standing Committee of the Party Committee and Deputy General Manager of Shandong Energy Group. He previously served Dongtan Coal Mine of Yanzhou Coal Co., Ltd. as deputy secretary of the party committee and director; served Yanzhou Coal Mining Company Limited as deputy general manager and general manager and deputy secretary of the party committee and secretary of the party committee and director and mince chief.

Corporate Governance

The Guarantor has a sound corporate governance structure in place and has established relevant procedural rules, which are in compliance with the PRC Company Law and other laws and administrative regulations in PRC as well as relevant provisions in our Articles of Association. The appointments of the Directors, Supervisor and the Senior Management team are in accordance with PRC Company Law and the provisions in the Articles of Association of the Guarantor.

The following chart provides an overview of the Group's corporate governance structure as of the date of this Offering Circular:



This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the issue of the Bonds by the Issuer. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations.

Regulation of the PRC Coal Industry

Mining activities in the PRC are also subject to the MNR. According to the Coal Industry Law of the PRC amended in November 2016 (the "PRC Coal Industry Law"), applicants to establish a coal mining enterprise are not required to obtain the coal production permit and coal trading license. Coal mining companies are permitted to operate after safety inspection and relevant licenses and permits are obtained. The Mineral Resources Law of the PRC (the "Mineral Resources Law") regulates any matters relating to the planning or the exploration, exploitation and mining of mineral resources. According to the Mineral Resources Law, all mineral resources in China, including coal, are owned by the State. Any enterprise planning to engage in the exploration, development and mining of mineral resources must obtain exploration rights and mining rights before commencing the relevant activities. The transfer of exploration and exploitation rights shall be subject to governmental approval pursuant to the PRC Coal Industry Law, the Mineral Resources Law, Measures for the Administration of Transfer of Exploration Rights and Mining Rights and other relevant regulations.

The following is a summary of the principal laws, regulations, policies and administrative directives to which we are subject.

Pricing Laws

Until 2002, the production and pricing of coal was generally subject to the close control and supervision of the PRC government, which centrally managed the production and pricing of coal. To transition from a planned economy to market economy practices, the PRC government eliminated the state guidelines for coal prices on January 1, 2002 and took other measures intended to establish a pricing mechanism that would reflect market demand. In December 2012, the State Council issued a guideline to further implement the market reform for thermal coal. Pursuant to the guideline, beginning in 2013, the PRC government discontinued the compulsory thermal coal supply contracts arrangement, which required coal producers to sell thermal coal to power generation enterprises at preferential prices set by the government. In addition, prices of thermal coal will be negotiated between power generation enterprises and coal producers, instead of pursuant to government-guided prices.

Regulation of Fees and Taxes

Coal producers may be fined if they damage the environment, arable land, grasslands or forest areas. Under the Mineral Resources Law, if a mining enterprise's mining activities result in damage to arable land, grasslands or forest areas, the mining enterprise must return the land to an arable state or plant trees or grass or take other restorative measures. The Mineral Resources Law and other applicable laws and regulations also state that anyone who causes others to suffer loss in terms of production or living standards is liable for the loss and must compensate the affected persons and remedy the situation.

On July 24, 2019 the MNR amended Mine Geological Environmental Protection Regulations, since then, a mining enterprise shall accrue the mine geological environment treatment and restoration fund in accordance with relevant PRC laws and regulations. The fund is used autonomously by the mining enterprise and is used for the overall implementation of the mine geological environment treatment and restoration and land reclamation according to the budget, implementation plan, and schedule which is included in mine geological environmental protection and land reclamation plan.

Additionally, all coal producers are subject to PRC environmental protection laws and regulations which currently impose fees for the discharge of waste substances, require the payment of fines for serious pollution and provide for the discretion of the PRC government to close any facility which fails to comply with orders requiring it to cease or cure operations causing environmental damage.

Foreign Exchange Laws

Provisions on Foreign Exchange Administration for Cross-border Guarantees and Operational Guidelines for Foreign Exchange Administration of Cross-border Guarantees (Hui Fa [2014] No. 29), promulgated by the SAFE on May 12, 2014, provide that when handling overseas lending and domestic guarantee business, without the approval of the Foreign Exchange Administration, the debtors shall not directly or indirectly transfer the funds under the guarantee back to the PRC for use through such methods as borrowing, equity investments, or securities investments in the PRC. The funds under the guarantee shall not be used for equity or debt investments, by overseas institutions or individuals directly or indirectly, in domestic institutions or individuals, including but not limited to the following circumstances:

- the debtor uses the funds under the guarantee to make, directly or indirectly, equity or debt investments in institutions incorporated within the PRC.
- the funds under the guarantee are used to acquire the equity of an overseas target company, of which over 50 percent of the assets are located within the PRC.
- the debtor uses the funds under the guarantee to make advance payments for trade in goods or trade in services, and the payment time is more than 1 year before the time of delivery of the goods or services and the amount of the advance payment exceeds USD1 million and 30 percent of the total price of the sales and purchase agreement (for the export of large complete sets of equipment or contract services, the completed workload may be deemed as the delivery).
- the funds under the guarantee are used to repay the debt of the debtor or any other overseas company, while the original funds from the financing are transferred, directly or indirectly, back to the PRC in the form of equity or debt.

According to the Notice of State Administration of Foreign Exchange on Improving the Check of Authenticity and Compliance to further Promote Foreign Exchange Control (Hui Fa [2017] No. 3), it is allowed to transfer inward overseas loans under domestic guarantee. The debtor may, directly or indirectly, transfer inward the funds under guarantee by domestic lending, equity investment or other means. If a bank performs guarantee for overseas loans, it is allowed to include the relevant foreign exchange settlement and sale into its own for management.

Environmental Protection

China has promulgated a series of laws and regulations which establish national and local legal frameworks for environmental protection. These laws and regulations include standards applicable to emission controls, discharges of wastes and pollutants to the environment, generation, handling, storage, transportation, treatment and disposal of waste materials by production facilities, land rehabilitation and reforestation.

The PRC Environmental Protection Law requires that enterprises, public institutions, and other business operators that discharge pollutants shall adopt measures to prevent and control pollution and damage to environment caused by waste gas, waste water, waste residue, medical wastes, dust, malodorous gases, radioactive substances, noise, vibration, optical radiation, electromagnetic radiation, and other substances generated in their production, construction, and other activities. Pollutant discharging entities under intensified supervision shall install and use monitoring equipment in accordance with the relevant provisions of the state and the monitoring norms, ensure the normal functioning of monitoring equipment, and preserve the original monitoring records. On April 24, 2014, the Standing Committee of National People's Congress passed the Amended Environmental Protection Law, pursuant to which, effective January 1, 2015, more responsibility has been imposed on local governments and continuous fines on it in the amount of the original fine for each day will be imposed on polluters. In addition, projects without environmental evaluation in accordance with relevant laws are not allowed to commence construction.

On September 10, 2013, the State Council issued the Action Plan for Prevention and Control of Atmospheric Pollution (the "Action Plan"), pursuant to which the PRC government plans to devote more efforts to prevent and control atmospheric pollution. On September 17, 2013, the State Council further issued the Rules for the Implementation for the Action Plan for Prevention and Control of Atmospheric Pollution in Beijing-Tianjin-Hebei metropolitan region, pursuant to which the PRC government aims to reduce atmospheric pollution and improve air quality.

According to the Law on Prevention and Control of Water Pollution of the PRC, and new construction projects which directly or indirectly discharge pollutants to water, such as coal mines and coking plants, must conduct an environmental impact assessment. Every new production facility must be equipped with wastewater processing facilities which must be put in use together with the production facilities. According to Environmental Protection Tax Law of the People's Republic of China (Presidential Order No. 61), enterprises, public institutions and other producers/operations that discharge taxable pollutants directly to the environment are the taxpayers of environment protection tax and shall pay such tax.

The 2015 United Nations Climate Change Conference was held in Paris, France, on November 30, 2015. It was the 21st yearly session of the Conference of the Parties to the 1992 United Nations Framework Convention on Climate Change. China's recent commitments on climate change includes the signing of climate change agreements with the United States and France; submitted an Intended Nationally Determined Contribution to the United Nations, pledging to have emissions peaks by 2030.

On October 26, 2018, the Law on Prevention and Control of Atmospheric Pollution (the "Atmospheric Pollution Law") was amended and promulgated by the Standing Committee of National People's Congress of the PRC, which was implemented on October 26, 2018. The Atmospheric Pollution Law has, among other things, set standards, plan and timeline to reach the atmospheric pollution control targets, provide detailed regulations on major pollution sources and impose stringent requirements to control the pollution from coal-fire, automobile, vessel and volatile organic compounds.

The rehabilitation of mining sites is another priority of the PRC government. Under the Law of Land Administration of the PRC as amended on August 28, 2004, the Regulation on Land Reclamation effected on March 5, 2011 and the Implementation Measures on the Regulation on Land Reclamation amened on July 24, 2019, coal producers must undertake measures to restore a mining site to its original state within a prescribed time frame if their mining activities result in damage to arable land, grassland or forest. The rehabilitated land must meet rehabilitation standards, as required by law from time to time, and may only be subsequently used upon examination and approval by the land authorities.

In addition to the PRC environmental laws and regulations, China is a signatory to the 1992 United Nations Framework Convention on Climate Change and the 1998 Kyoto Protocol, which propose emission targets to reduce greenhouse gas emissions. The Kyoto Protocol came into force in 2005. At present, the Kyoto Protocol has not set any specific emission targets for certain countries, including China.

Mining Safety

On November 18, 2013, the State Council promulgated Several Opinions on Promoting the Steady Development of the Coal Industry, which contains the PRC government's policies with respect to the administration of coal mining and exploration.

According to the Measures for Implementing Work Safety Permits in Coal Mine Enterprises issued by the SAWS, a coal mine enterprise without a work safety permit may not engage in coal production activities. Coal mining enterprises and their mines that do not satisfy the safety conditions set forth in this document, or those that violate the provisions of this document, may be punished by fines, warnings, temporary suspension of the work safety permit, mandatory remediation measures, orders to cease production and cancellation of the work safety permit. Coal mine enterprises that remain compliant with the requirements set in these documents may apply for administrative approval to extend the validity period of their Work Safety Permits.

The Special Regulations by the State Council on Preventing Work Safety Related Accidents in Coal Mines were promulgated and amended on July 18, 2013. These regulations specify that coal mine enterprises are responsible for preventing coal mine work safety-related accidents. If a coal mine has not obtained, in accordance with the law, a mining right permit, work safety permit or business license and if the mine manager has not obtained, in accordance with the law a mine manager safety qualification certificate, the coal mine may not engage in production. Coal mining enterprises should establish a sound system for the detection, elimination, treatment and reporting of latent work safety-related dangers. If a major latent work safety-related danger exists in a coal mine, the enterprise should immediately suspend production and eliminate the latent danger. Coal mining enterprises should provide their personnel working underground and their special operation personnel with safety education and training in accordance with relevant state regulations. The person in charge of a coal mine and the production and operation management personnel should go into mines and act as foremen on a rotating basis in accordance with state regulations, and a file recording their entry into the mine should be maintained.

On October 31, 2005, the SAWS and NDRC issued the Guiding Opinions on Persons in Charge of Coal Mines and Production and Operation Management Personnel Going into Mines as Foremen. The SAWS and the MOF jointly issued Measures for Reporting and Rewarding in the Field of Work Safety on Jan 8, 2018, which encourages reporting on material accident hazards on working safety systems and other illegal activities. On November 20, the MEM issued the Judgment Standards for Hidden Dangers of Major Coal Mine Accidents.

The SAWS, the SACMS and the All-China Federation of Trade Unions jointly issued the Rules regarding the Working Safety Construction of Coal Mine Working Teams in June 2012, which requires coal mining enterprises to promote working safety target management and improve the salary structure to reflect the combination of working safety, production and profits. In addition, coal mining enterprises are required to improve working environments and labour protection facilities, provide employees with labour protection articles and occupational health examinations, establish occupational health files for employees and provide relevant remuneration for workers engaging in hazardous works.

On September 10, 2019, Ministry of Emergency Management issued Coal Mine Work Safety Regulations (draft) for public comments. The regulations aim to improve the coal mine work safety mechanism of "national supervising, local inspection, and enterprise taking responsibility" to ensure the safe development of the coal industry.

Coal Mining Industry and Resources Integration

Several measures have been enacted by various PRC government and provincial authorities to promote the integration and enhancement of mineral resources to maximise domestic coal production and encourage developmental efficiency.

The General Office of the Shandong Provincial Government issued the Notice to Implement Circular Guo Fa Ban [2006] No. 108 and Notice to Effectively Implement Integration of Mineral Resources (Lu Zheng Ban Fa [2007] No. 37), on June 19, 2007, which further implement Circular Guo Fa Ban [2006] No. 108 and promote the integration of mineral resources in Shandong Province. In addition, the Shandong Provincial Government issued the Notice to Deepen Integration Works of Mineral Resources (Lu Zheng Ban Fa [2010] No. 1), on January 4, 2010, which requires further promotion of integration of mineral resources, reduces the number of mines and mining approvals, and enhances intensive production in Shandong Province.

The government authorities of Inner Mongolia issued the Notice of Printing and Distributing the Work Plan of Mergers and Reorganisations of Coal Mining Enterprises (Nei Zheng Fa [2011] No. 32) on March 15, 2011, which sets forth the guiding principles, integrative approach, applicable policies, regulations and working requirements for coal resources in the region. By the end of 2013, the notice indicates that coal mining enterprises located in Inner Mongolia Autonomous Region must achieve production of 1.2 Mt per annum (three Mt per annum may apply to certain regions upon certain conditions) or be required to merge with other enterprises. Enterprises with a production capacity of more than five Mt of raw coal, among others, or enterprises with at least either one underground coal mine with a singular well production capacity of more than 1.2 Mt or an open-pit coal mine with a singular well production capacity of more than three Mt, subject to certain operational safety conditions, will be given preference as entities into which other smaller entities may merge.

In addition, the government authorities of Inner Mongolia Autonomous Region issued the Notice of Working Well on the Related Issues Concerning Integration of Coal Resources (Nei Zheng Ban Fa [2011] No. 92) on October 9, 2011, which sets forth supplemental information on the determination of the status of coal mining entities and the scope of coal resources to be integrated in the region.

The government authorities of Shanxi Province issued the Advices on Deepening the Reform of Coal Mining Management System (Jin Fa [2015] No. 3), which requires to accelerate the optimisation of the disposition of regional coal industry and encourage coal mining enterprises and groups, on voluntary basis, to realise the integration of coal mining business through acquisition, disposal, participating in investment, merger or other manners, as well as well resolve the following-up issues after the integration of coal resources and merger and acquisitions of coal mines.

The National Energy Administration of the PRC issued the amended Coal Mining Industry Policy in February 2013 requesting public comment. The policy aims to further implement the reform of coal mining enterprises and market-oriented reforms.

These mining industry and resources integration regulations will affect the production capacity and rates of our mines that are located in the particular provinces or regions.

Coal Chemical Processing Industry

The PRC Coal Industry Law, encourages and supports coal mining enterprises and other enterprises to produce both coal and electricity, coking coal and coal chemicals. According to the EIT Law and its implementation regulations, enterprises that produce products which are not restricted by the State and satisfy State and industry standards by using resources encouraged by industrial policies of the State are eligible for preferential tax treatment. For income derived by an enterprise from manufacturing of products which use the resources listed in the Catalogue of Corporate Income Tax Preferential Incentives for Integrated Utilisation of Resources as the main raw materials and comply with the relevant State or industry standards, 90% of the total income amount of the current year shall be taken as the taxable income amount. Coke oven gas, one of the primary raw materials at one of our methanol production facilities, is one of the materials listed in the catalogue.

In addition, the PRC government imposed stringent entrance standards and requirements for environmental protection for the consumption of energy, coal and water for coal chemical demonstration projects.

Laws and Regulations Relating to Labour

Pursuant to the PRC Labour Law promulgated on 5 July 1994 with effect from 1 January 1995, and revised on 29 December 2018, as well as the PRC Labour Contract Law promulgated on 29 June 2007, revised on 28 December 2012 and effective from 1 July 2013, if an employment relationship is established between an entity and its employees, written labour contracts shall be executed between them. The relevant laws stipulate the maximum number of working hours per day and per week, respectively. Furthermore, the relevant laws also set forth the minimum wage. The entities shall establish and develop systems for occupational safety and sanitation, implement the rules and standards of the PRC government on occupational safety and sanitation, educate employees on occupational safety and sanitation, prevent accidents at work and reduce occupational hazards.

Pursuant to the Interim Regulations on the Collection and Payment of Social Insurance Premiums effective from 22 January 1999 and amended on 24 March 2019, the Interim Measures concerning the Administration of the Registration of Social Insurance effective from 19 March 1999, Decisions of the State Council on Modifying the Basic Endowment Insurance System for Enterprise Employees promulgated on 3 December 2005, Decision of the State Council on Establishing the Urban Employee's Basic Medical Insurance System effective from 14 December 1998, the Regulations on Unemployment Insurance effective from 22 January 1999, Regulations on Work-Related Injury Insurance promulgated on 27 April 2003 with effect from 1 January 2004, and as amended on 20 December 2010, and the Interim Measures concerning the Maternity Insurance for Enterprise Employees promulgated on 14 December 1994 with effect from 1 January 1995, employers are required to register with the competent social insurance authorities and provide their employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance and medical insurance.

Pursuant to the Social Insurance Law of the PRC, which became effective on 1 July 2011 and amended on 29 December 2018, all employees are required to participate in basic pension insurance, basic medical insurance schemes and unemployment insurance, which must be contributed by both the employers and the employees. All employees are required to participate in work-related injury insurance and maternity insurance schemes, which must be contributed by the employers. Employers are required to complete registrations with local social insurance authorities. Moreover, the employers must timely make all social insurance contributions. Except for mandatory exceptions such as force majeure, social insurance premiums may not be paid late, reduced or be exempted. Where an employer fails to make social insurance contributions in full and on time, the social insurance contribution collection agencies shall order it to make all or outstanding contributions within a specified period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to one to three times the overdue amount.

Pursuant to the Administrative Regulations on the Housing Provident Fund effective from 3 April 1999, and amended on 24 March 2019, enterprises are required to register with the competent administrative central of housing provident fund and open bank accounts for housing provident funds for their employees. Employers are also required to timely pay all housing fund contributions for their employees. Where an employer fails to submit and deposit registration of housing provident fund or fails to go through the formalities of opening housing provident fund accounts for its employees, the housing provident fund management central shall order it to go through the formalities within a prescribed time limit. Failing to do so at the expiration of the time limit will subject the employer to a fine of not less than RMB10,000 and up to RMB50,000. When an employer fails to pay housing provident fund due in full and in time, housing provident fund central is entitled to order it to rectify, failing to do so would result in enforcement exerted by the court.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

Hong Kong

Withholding Tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

Profits Tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

(i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

(ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the "IRO")) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or

(iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

Cayman Islands

Under the laws of the Cayman Islands, payments of interest, principal or premium on the Bonds will not be subject to taxation and no withholding will be required on the payment of interest, principal or premium to any holder of the Bonds, as the case may be, nor will gains derived from the disposal of the Bonds be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. The Cayman Islands are not party to any double taxation treaties.

No stamp duty is payable in respect of the issue of the Bonds. The holder of any Bonds (or a legal personal representative of such holder) whose Bonds are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Notes. Certificates evidencing registered Bonds, to which title is not transferable by delivery, will not attract Cayman Islands stamp duty. However, an instrument transferring title to a registered Note, if brought to or executed in the Cayman Islands, would be subject to nominal Cayman Islands stamp duty. Stamp duty will be payable on any documents executed by the Company if any such documents are executed in or brought into the Cayman Islands or produced before the Cayman Islands Courts.

The Cayman Islands does not have any income tax treaty arrangement with any country, however the Cayman Islands has entered into tax information exchange agreements with a number of countries.

PRC

Income Tax

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for the PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this "PRC Taxation" section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Under the EIT Law, an enterprise established outside the PRC with a "de facto management body" within the PRC is deemed a "resident enterprise", meaning that it can be treated in a manner similar to a PRC enterprise for enterprise income tax purposes, although dividends paid from one resident enterprise to another may qualify as "tax-exempt income". The implementing rules of the EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise. A circular issued by the State Administration of Taxation on 22 April 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a "resident enterprise" with a "de facto management body" located within the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) more than half of the enterprise's directors with voting rights or senior management habitually reside within the PRC.

If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the territory of the PRC, the Issuer may be deemed as a PRC resident enterprise for the purpose of the EIT Law and be subject to the PRC enterprise income tax at the rate of 25% in respect of its global income. As confirmed by the Issuer, as of the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC resident enterprise for the purpose of the EIT Law. As such, non-PRC enterprise holders of the Bonds will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of the holding of the Bonds or any repayment of principal and payment of interest made thereon by the Issuer. However, there is no assurance that the Issuer will not be treated as a PRC resident enterprise under the EIT Law and related implementation regulations in the future.

Under the EIT Law and the implementation regulations thereunder, PRC enterprise income tax at a rate of 10% is normally applicable to PRC-sourced income of non-resident enterprises without establishment within the PRC or whose income has no actual connection to its establishment within the PRC, subject to adjustment by applicable treaty. The EIT Law's implementation regulations further set forth that interest income is viewed as PRC-sourced income if the enterprise that pays interest is located in the PRC. If the Issuer is deemed a PRC resident enterprise for tax purposes, interest paid to overseas creditors may be regarded as PRC-sourced and therefore be subject to PRC enterprise income tax at the rate of up to 10%. Accordingly, in the event that the Issuer is deemed to be a PRC resident enterprise by the PRC tax authorities in the future, the Issuer will be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC enterprise Noteholder. Similarly, an individual income tax at the rate of 20% will apply if the interest income is viewed as PRC-sourced income, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. However, despite the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay any additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in the "Terms and Conditions of the Bonds".

Non-PRC Noteholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Bonds consummated outside mainland China between non-PRC Noteholders, except however, if the Issuer is treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future, any gain realised by the non-PRC Noteholders from the transfer of the Bonds may be regarded as being derived from sources within the PRC and accordingly would be subject to PRC withholding tax at a rate of 20% (for non-resident individuals) and 10% (for non-resident enterprises), subject to the application of any relevant income tax treaty that the PRC has entered into.

No PRC stamp duty will be imposed on non-PRC Noteholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds.

Value Added Tax

On 23 March 2016, the MOF and the SAT jointly issued Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Pilot Programme of Replacing Business Tax with Value-Added Tax in an All-round Manner (Caishui [2016] No. 36, the "Circular 36") which provides that all business tax payers are included into the pilot programme to pay VAT from 1 May 2016.

According to Circular 36, entities and individuals providing the services within PRC shall be subject to VAT. The services are treated as being provided within PRC where either the service provider or the service recipient is located in PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the "loans" refers to the activity of lending capital for another's use and receiving the interest income thereon. Based on the interpretation of "loans" under Circular 36, the issuance of Bonds may be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as the provision of financial services. If the Issuer is treated as a commercial real estate ("CRE") in the future, the holders of the Bonds could be regarded as providing financial services within PRC and consequently, the holders of the Bonds shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments from the Issuer under the Bonds. In addition, in that case the holders of the Bonds shall also be subject to the local levies at approximately 13 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies will be around 6.78 per cent. Given that the Issuer pays interest income to holders of Bonds who are located outside of the PRC, if such interest income is subject to VAT in the future, the Issuer, acting as the withholding agent with respect to payments on the Bonds, would withhold VAT and local levies from the payment of interest income to holders of Bonds who are located outside of the PRC.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located within the PRC. Circular 36 has been issued recently and the above disclosure may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of the Circular 36.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 23 November 2021 (the "Subscription Agreement"), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally but not jointly subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below:

Joint Lead Managers	Principal Amount of the Bonds to be Subscribed
China International Capital Corporation Hong Kong Securities Limited	U.S.$120,000,000
China Securities (International) Corporate Finance Company Limited	U.S.$ 78,500,000
Guotai Junan Securities (Hong Kong) Limited	U.S.$ 78,500,000
CCB International Capital Limited	U.S.$ 78,500,000
Shenwan Hongyuan Securities (H.K.) Limited	U.S.$ 78,500,000
ABCI Capital Limited	U.S.$ 6,000,000
CEB International Capital Corporation Limited	U.S.$ 6,000,000
CLSA Limited	U.S.$ 6,000,000
Huatai Financial Holdings (Hong Kong) Limited	U.S.$ 6,000,000
Zhongtai International Securities Limited	U.S.$ 6,000,000
China CITIC Bank International Limited	U.S.$ 6,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	U.S.$ 6,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch	U.S.$ 6,000,000
Tai Fung Bank Limited	U.S.$ 6,000,000
CMBC Securities Company Limited	U.S.$ 6,000,000
TFI Securities and Futures Limited	U.S.$ 6,000,000
TOTAL	U.S.$500,000,000

The Subscription Agreement provides that the Joint Lead Managers and their respective subsidiaries and affiliates or any person who controls any of them, and their respective directors, officers, employees and agents will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of their subsidiaries or affiliates may have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer, the Guarantor and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or its subsidiaries in the ordinary course of business.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliate(s) may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Issuer and may offer or sell such securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Joint Lead Managers or their respective affiliates may purchase the Bonds for its own account or for the accounts of their customers and enter into transactions, including credit derivative, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of ours or our subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

In connection with the issue of the Bonds, any of the Joint Lead Managers appointed and acting in its capacity as a stabilising manager (the "Stabilising Manager") or any person acting on behalf of any Stabilising Manager may over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilising Manager or any person acting on behalf of the Stabilising Manager shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilising Manager or any person acting on behalf of the Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager (or any person acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers. If a jurisdiction requires that an offering of Bonds be made by a licensed broker or dealer and a Joint Lead Manager or any affiliate of such Joint Lead Manager is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by such Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bonds and the Guarantee have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Cayman Islands

No offer or invitation, whether directly or indirectly, may be made to the public in the Cayman Islands to subscribe for the Bonds and no such invitation is made hereby. Each Joint Lead Manager has represented, warranted and undertaken that the public in the Cayman Islands will not be invited to subscribe for the Bonds.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

Each Joint Lead Manager has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase, and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The consolidated financial statements of the Group included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications that still exist between PRC GAAP and IFRS, which might be relevant to the financial information of the Group included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Group. The differences identified below are limited to those significant differences that are appropriate to the Group's financial statements. The Group is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Group has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Group, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, investors must rely upon their own examination of the Group, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Share reform scheme cost

In 2004, PRC listed companies under state control started to implement share reform schemes by encouraging holders of publicly tradable shares to allow non-publicly tradable shares to convert into tradable shares. One of the common ways to achieve this purpose is to pay cash directly to the holders of publicly tradable shares. Under PRC GAAP, such a payment is capitalised as the cost of long-term equity investments, financial assets held for trading or available-for-sale financial assets, as appropriate.

Under IFRS, such a payment is not allowed to be capitalised and, accordingly, a GAAP difference may be noted.

Provision for future development fund and work safety cost

Under PRC GAAP, in accordance with relevant regulations of the Chinese authorities, the Group has to accrue special reserves such as future development funds and work safety cost, which are presented as cost of expenses of the period and the amount that has been accrued, are presented in special reserve of owner's equity. Work safety cost, which belongs to cost of expenses, directly offset the special reserves. The accrued work safety reserve, which is used by enterprises and used to form fixed assets, shall be charged as "construction in progress", and recognised as a fixed asset upon the project being completed and reaching the expected operational standard. Meanwhile, the special reserves are offset in accordance with the cost of fixed asset formation, while the equivalent amount of accumulated depreciation is recorded. The fixed asset so formed shall cease to accrue depreciation in the following periods.

Pursuant to the IFRS, these expenditures should be recognised when incurred. Relevant capital expenditures are recognised as part of cost of non-current assets when they are incurred and depreciated according to the respective depreciation policy. The differences between the above mentioned standards give rise to differences in deferred tax.

Government grant

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

Reversal of an impairment loss

Under PRC GAAP, once an impairment loss is recognised for a long term asset (such as fixed assets, intangible assets and goodwill), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Related party disclosures

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

Fixed assets and intangible assets

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 240782421 and the ISIN for the Bonds is XS2407824213.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed, the Deed of Guarantee and the Agency Agreement. The issue of the Bonds was authorised by board resolutions of the Issuer dated 18 November, 2021.

   The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Deed of Guarantee and the Agency Agreement. The issue of the Bonds and the giving of guarantee was authorised by board resolutions of the Guarantor dated 30 July 2021.

   PRC counsels to the Guarantor and the Joint Lead Managers have advised that no other approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Guarantor to issue the Bonds except for (i) the submission of the Deed of Guarantee for registration with the SAFE within 15 PRC Business Days after the execution of the Deed of Guarantee and (ii) the filing of the requisite information and documents with the NDRC within 10 PRC Business Days after the Issue Date. For consequences of non-registration, see "*Risk Factors – Risks Relating to the Bonds – Any failure to complete the relevant filings under the NDRC Notice and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds*".

3. **Registrations and Filings:** Pursuant to the NDRC Circular issued by the NDRC on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from NDRC on 20 October 2021 evidencing such registration and undertakes to provide the requisite information on the issuance of the securities to the NDRC within the prescribed time frame. The NDRC Post-Issuance Filing (as defined in the Terms and Conditions of the Bonds) is a procedural process rather than a substantive approval or consent process. Any failure by the Issuer to complete the NDRC Post-Issuance Filing in accordance with the NDRC Circular will not impact the enforceability or validity of the Bonds.

   The Guarantor undertakes to file or cause to be filed an application to register the Deed of Guarantee with the State Administration of Foreign Exchange within 15 PRC Business Days of the execution of the Deed of Guarantee. The Guarantor intends to complete this filing as soon as practicable before the Registration Deadline (being 90 calendar days after the Issue Date).

4. **No Material and Adverse Change:** Except for otherwise disclosed in this Offering Circular, there has been no material adverse change, or any development or event involving a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Group since 30 June 2021.

5. **Legal Proceedings:** As of the date of this Offering Circular, neither we nor any of our principal subsidiaries are involved in any litigation, which would have a material adverse effect on the business, financial condition or results of operations of the Group as a whole, and no material litigation or claim is known by us to be pending or threatened against us or any of our principal subsidiaries.

6. **Available Documents:** Copies of the 2020 Pro Forma Financial Statements, the Trust Deed, the Deed of Guarantee, the Agency Agreement and the Data Privacy Notice relating to the Bonds will be available for inspection from the Issue Date upon prior written request and satisfactory proof of holding and identity at the principal place of business of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Principal Paying Agent from time to time, at all reasonable times during normal business hours (being 9:00 a.m. to 3:00 p.m.), so long as any Bond is outstanding.

7. **Financial Statements:** The 2020 Pro Forma Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Zhongxingcai as stated in its report dated 15 September 2021. The 2021 Half-Year Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by Zhongxingcai as stated in its report dated 15 September 2021.

8. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. Such permission is expected to become effective on or about 1 December 2021. A confirmation of eligibility for the listing of the Bonds has been received from the Hong Kong Stock Exchange.

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Shandong Energy Group Co., Ltd.

Pro-forma Auditor's Report

Z.X.C.G.H.J.S.K.Z (2021) No 01308

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Pro-forma Auditor's Report

Z.X.C.G.H.J.S.K.Z (2021) No 01308

Shandong Energy Group Co., Ltd.:

I. Auditor's Opinions

We have audited the Pro-forma financial statements of Shandong Energy Group Co., Ltd. (hereinafter referred to as the Company) on the basis of preparation as described in Note (2) to the attached prepared financial statements, including the Pro-forma consolidated balance sheet as of December 31, 2020 and December 31, 2019, the Pro-forma consolidated income statement, the Pro-forma consolidated cash flow statement, the Pro-forma consolidated statement of changes in owners' equity and the notes to the financial statements for the year 2020 and 2019.

In our opinion, the attached Pro-forma financial statements are prepared in accordance with the Accounting Standards for Business Enterprises in all major aspects, and fairly reflect the consolidated financial condition of the Company as of December 31, 2020 and December 31, 2019, and the consolidated operating results and cash flow for the year 2020 and 2019.

II. Basis of Auditor's Opinions

We have carried out the audit work in accordance with the Chinese CPA Auditing Standards. In the Pro-forma auditor's report, the part "CPA's Responsibility for Auditing Financial Statements" further expounds our responsibilities under these standards. According to the Code of Professional Ethics of Chinese Certified Public Accountants, we are independent of the Company and have fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we obtained is sufficient and appropriate, which provides a basis for issuing the auditor's opinions.

III. Responsibility of Management and Governance for Pro-forma Financial Statements

The management of the Company (hereinafter referred to as the management) is responsible for preparing the financial statements in accordance with the Accounting Standards for Business Enterprises, so that they can fairly reflect the actual condition, and for designing, implementing and maintaining the necessary internal controls, so as to ensure that there are no major misstatements caused by fraud or errors in the financial statements.

When preparing the financial statements, the management is responsible for evaluating the continuing operation viability of the Company, disclosing matters related to going concern (if applicable), and applying the going concern assumption, unless the management plans to liquidate the Company, terminate its operation or has no other realistic choice.

The governance is responsible for supervising the financial reporting process of the Company.

IV. CPA's responsibility to audit the financial statements

Our goal is to obtain reasonable assurance on whether there is no material misstatement caused by fraud or error in the financial statements as a whole, and to issue an Pro-forma auditor's report containing audit opinions. The said reasonable assurance is a high-level assurance, but there is no guarantee that an audit conducted according to auditing standards can always find be found a certain material misstatement when exists. The misstatement may be caused by fraud or error. If it is reasonably expected that a misstatement alone or misstatements in aggregate may affect the economic decisions made by the users of financial statements by relying on the financial statements, it is generally considered that the misstatement is significant.

In the process of auditing according to auditing standards, we use professional judgment and keep professional doubts. At the same time, we also perform the following tasks:

(1) Identify and evaluate the risk of material misstatements of Pro-forma financial statements caused by fraud or error, design and implement audit procedures to deal with

these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing auditor's opinions. Because fraud may involve collusion, forgery, intentional omission, false statement or override of internal control, the risk of failing to find material misstatement caused by fraud is higher than that of failing to find material misstatement caused by errors.

(2) Understand the internal control related to audit in order to design proper audit procedures, but the purpose is not to express opinions on the effectiveness of internal control.

(3) Evaluate the appropriateness of the management's choice of accounting policies and the rationality of making accounting estimates and related disclosures.

(4) Draw a conclusion on the appropriateness of the management's use of the going concern assumption. At the same time, according to the obtained audit evidence, draw a conclusion as to whether there are significant uncertainties in matters or situations that may cause significant doubts about the Company's sustainable operation. If we come to the conclusion that there is significant uncertainty, the auditing standards require us to draw the attention of the users of Pro-forma financial statements in the Pro-forma auditor's report to relevant disclosure; If the disclosure is not sufficient, we shall express our opinions without reservation. Our conclusions are based on the information available as of the date of Pro-forma auditor's report. However, future events or circumstances may cause the Company to be unable to continue to operate.

(5) Evaluate the overall presentation, structure and content of Pro-forma financial statements, and evaluate whether the Pro-forma financial statements fairly reflect relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities in the Company, so as to express auditor's opinions on financial statements. We are responsible for guiding, supervising and executing the audit of the Group, and taking full responsibility for the auditor's opinions.

We communicate with the governance on the planned audit scope, schedule and major audit findings, including the internal control defects that we identified in the audit.

Zhongxingcai Guanghua
Certified Public Accountants LLP
(Special General Partnership)
Jinan Branch

Chinese CPA:

Chinese CPA:

Jinan, China

September 15, 2021

Pro-forma Consolidated Balance Sheet

Prepared by: Shandong Energy Group Co., Ltd. (merger)

Enterprise Finance Table 01

Amount Unit: RMB

Item	Line No.	December 31, 2020	December 31, 2019	Item	Line No.	December 31, 2020	December 31, 2019
Current assets:	1	——	——	**Current liabilities:**	75	——	——
Monetary fund	2	61,824,463,882.19	60,697,533,994.10	Short-term borrowings	76	74,718,979,957.84	57,039,169,560.86
△ Settlements Provision	3	47,886,350.88	10,000,000.00	△ Borrowing from the central bank	77		
△ Loans to banks and other financial institutions	4			△ Deposits and balances from banks and other financial institutions	78		
☆ Transactional financial assets	5	2,055,674,870.55	1,988,125,250.47	☆ Transactional financial liabilities	79	411,974,533.21	150,201,545.85
Financial assets at fair value through profit or loss	6	3,846,226,680.22	4,746,620,756.08	Financial liabilities at fair value through profit or loss	80		49,969,500.00
Derivative financial assets	7	10,380,844.11	752,554.81	Derivative financial liabilities	81		3,732,157.74
Notes receivable	8	11,372,186,776.83	15,569,361,027.57	Notes payable	82	31,241,942,141.49	30,074,624,850.59
Receivables	9	15,232,908,252.52	13,504,637,248.37	Accounts payable	83	36,367,006,744.27	36,283,798,820.86
☆ Receivables financing	10	3,688,674,015.51	3,157,619,241.37	Receipts in advance	84	15,195,552,444.35	15,087,927,529.62
Prepayments	11	46,808,409,557.03	12,149,227,792.27	☆ Contract liabilities	85	7,020,967,677.20	3,809,281,551.59
△ Premium receivable	12			△ Financial assets sold under agreements to buy	86	48,500,000.00	58,800,000.00
△ Reinsurance accounts receivable	13	7,092,672.00	41,859,880.00	△ Customer deposits and balances from banks and other financial institutions	87		
△ Reinsurance contract reserve receivable	14	2,216,403,313.43	1,428,570,214.11	△ Customer brokerage deposits	88	14,463,954.28	
Other receivables	15	31,799,818,407.01	34,105,055,902.78	△ Securities underwriting brokerage deposits	89		
including: dividends receivable	16	199,578,825.35	5,000,000.00	Payroll payable	90	6,471,728,732.94	7,440,928,710.87
△ Financial assets purchased under agreements to resell	17	507,950,000.00	100,000,000.00	including: wages payable	91	3,385,438,301.63	4,416,927,191.58
Inventory	18	67,863,416,870.52	56,775,806,049.43	Welfare payable	92	33,167,528.28	49,075,732.97
Including: raw materials	19	4,583,212,944.13	4,279,934,556.49	# including: Employee Reward and Welfare Fund	93		
Inventory goods (finished products)	20	18,789,527,300.42	19,664,488,103.93	Taxes and dues payable	94	4,755,310,417.05	4,630,103,916.20
☆ Contract assets	21	21,361,637.71		including: taxes payable	95	4,660,678,148.34	4,498,397,414.82
Held-for-sale assets	22	8,577,870.49	217,644,405.56	Other payables	96	28,941,570,528.47	31,377,946,216.19
Non-current assets due within one year	23	1,971,225,550.90	1,495,229,479.95	including: dividends payable	97	2,555,825,742.36	2,644,125,554.26
Other current assets	24	11,929,025,007.45	10,747,082,309.08	△ Handling fees and commissions payable	98		
Total of current assets	25	231,711,682,559.35	216,735,126,105.95	Dividend payable for reinsurance	99		
Non-current assets:	26	——	——	Liabilities classified as held for sale	100		
△ Granting loans and advances	27			Non-current liabilities due within one year	101	38,852,776,916.64	51,202,162,926.18
☆ Creditor’s right investment	28	71,231,460.00	69,357,060.00	Other current liabilities	102	5,063,917,477.74	10,274,291,355.62
Available-for-sale financial assets	29	14,396,871,404.40	13,296,667,247.84	**Total current liabilities**	103	249,104,691,525.48	247,482,938,642.17
☆ Other creditor’s right investment	30			**Non-current liabilities:**	104	——	——
Held-to-maturity investment	31	1,894,615,558.02	2,438,722,200.95	△ Reserve for insurance contract	105		
Long-term receivables	32	4,350,345,470.79	8,110,082,142.92	Long-term borrowings	106	105,132,053,236.52	90,458,011,908.22
Long-term equity investment	33	30,636,910,314.46	22,541,338,367.44	Bonds payable	107	79,816,211,537.10	60,278,031,545.47
☆ Investment in other equity instruments	34	370,227,288.88	337,773,501.62	Including: preferred stock	108		
☆ Other non-current financial assets	35	1,457,147,936.08	1,174,647,931.13	Perpetual bond	109		
Investment real estate	36	3,612,893,794.62	2,130,209,626.41	☆ Lease liabilities	110	1,134,000,159.00	328,072,228.74
Fixed assets	37	168,523,934,098.24	163,614,111,063.50	Long-term payables	111	8,757,837,160.35	10,398,676,436.33
Including: original price of fixed assets	38	298,417,740,083.22	291,385,620,031.03	Long-term remuneration payable to employees	112	995,421,799.75	942,705,776.46
Accumulated depreciation	39	128,447,530,287.93	125,873,994,439.21	Estimated liabilities	113	4,079,378,625.55	2,750,638,495.80
Reserve for impairment of fixed assets	40	1,688,327,128.80	2,138,823,060.32	Deferred income	114	1,399,794,159.21	1,497,163,335.56
Construction in progress	41	67,266,209,744.14	62,959,028,764.19	Deferred income tax liabilities	115	7,968,906,167.43	4,063,476,165.76
Productive biological assets	42	535,787.77	976,865.23	Other non-current liabilities	116	463,736,065.53	1,178,847,429.11
Oil and gas assets	43			including: Special Reserve Fund	117		
☆ Right-of-use asset	44	1,750,230,239.54	406,527,609.78	**Total non-current liabilities**	118	209,747,338,910.44	171,895,623,321.45
Intangible assets	45	119,422,666,887.94	111,839,439,984.50	**Total liabilities**	119	458,852,030,435.92	419,378,561,963.62
Development expenditure	46	39,773,773.79	59,857,553.42	**Owner's equity (or shareholder's equity):**	120	——	——
Goodwill	47	1,274,432,144.60	1,160,081,428.35	Paid-in capital (or share capital)	121	30,221,873,369.03	30,221,873,369.03
Long-term prepaid expenses	48	7,933,517,763.97	7,733,561,908.22	State capital	122	21,155,311,358.32	21,155,311,358.32
Deferred income tax assets	49	7,274,818,821.24	7,288,393,669.03	State-owned legal person capital	123	9,066,562,010.71	9,066,562,010.71
Other non-current assets	50	23,114,668,816.03	6,230,142,791.30	collectively owned capital	124		
Including: special reserve materials	51			Private capital	125		
Total non-current assets	52	453,391,031,304.51	411,390,919,715.83	Foreign capital	126		
	53			# Less: returned investment	127		
	54			Net paid-in capital (or share capital)	128	30,221,873,369.03	30,221,873,369.03
	55			Other equity instruments	129	28,085,605,000.00	23,961,345,000.00
	56			including: preferred stock	130		
	57			Perpetual bond	131	28,085,605,000.00	23,961,345,000.00
	58			Capital reserve	132	20,425,587,551.87	19,539,374,907.63
	59			Less: Treasury stocks	133		
	60			Other comprehensive income	134	-2,891,208,359.87	-3,448,967,617.55
	61			Including: foreign currency statements translation difference	135	-2,936,689,210.89	-3,093,411,409.18
	62			Special reserve	136	5,379,061,349.18	6,692,738,238.44
	63			Surplus reserve	137	385,352,817.48	385,352,817.48
	64			Including: statutory surplus reserve	138		
	65			Discretionary surplus reserve	139		
	66			# Reserve Fund	140		
	67			# Enterprise Development Fund	141		
	68			# Return of investment by profits	142		
	69			△ General risk provision	143	60,613,417.32	53,005,357.76
	70			Undistributed profits	144	30,701,454,350.52	26,034,821,996.61
	71			Total owner's equity (or shareholder's equity) attributable to parent company	145	112,368,339,495.53	103,439,544,069.40
	72			* Minority shareholders' equity	146	113,882,343,932.41	105,307,939,788.76
	73			**Total owner's equity (or shareholder's equity):**	147	226,250,683,427.94	208,747,483,858.16
Total assets	74	685,102,713,863.86	628,126,045,821.78	**Total liabilities and owner's equity (or shareholder's equity)**	148	685,102,713,863.86	628,126,045,821.78

Note: The accounts with * in the table are special for consolidated accounting statements; the item with △ is dedicated for financial enterprises; the items with # are used exclusively by foreign-invested enterprises; the items with ☆ are applicable for enterprises implementing the new income/new lease/new financial instrument standards.

Pro-forma Consoldiated Income Statement

Prepared by: Shandong Energy Group Co., Ltd. (merger)

Enterprise Finance Table 02

Amount Unit: RMB

Item	Line No.	2020	2019	Item	Line No.	2020	2019
I. Total operating revenue	1	675, 239, 559, 547. 61	607, 064, 048, 451. 07	Minus: non-operating expenditure	37	8, 992, 422, 347. 29	2, 140, 617, 924. 65
Including: operating income	2	674, 941, 852, 878. 68	606, 822, 923, 298. 53	**IV. Total profit (total loss is indicated by "-")**	38	17, 007, 145, 978. 35	25, 781, 590, 335. 57
△ Interest income	3	222, 511, 207. 83	175, 525, 078. 88	Minus: income tax expenses	39	5, 828, 479, 989. 64	8, 936, 870, 969. 20
△ Earned premiums	4			**V. Net profit (net loss is indicated by "-")**	40	11, 178, 665, 988. 71	16, 844, 719, 366. 37
△ Income from handling fees and commission	5	75, 195, 461. 10	65, 600, 073. 66	(I) Classification by ownership:	41	—	—
II. Total operating cost	6	661, 760, 109, 201. 89	580, 595, 810, 521. 34	Net profit attributable to the owners of the parent company	42	8, 016, 986, 547. 55	6, 919, 661, 816. 63
Including: operating cost	7	610, 742, 382, 558. 68	529, 158, 681, 535. 42	* profit and loss of minority shareholders	43	3, 161, 679, 441. 16	9, 925, 057, 549. 74
△ Interest expense	8			(II) Classification by business continuity:	44	—	—
△ Expenses relating to handling fees and commission	9	148, 687. 16	191, 805. 98	Net profit from continuing operations	45	11, 190, 392, 329. 46	16, 111, 775, 544. 92
△ Surrender value	10			Net profit from termination of operation	46	-11, 726, 340. 75	732, 943, 821. 45
△ Net compensation expenses	11			**VI. Net amount after tax of other comprehensive incomes**	47	2, 028, 113, 533. 11	1, 493, 750, 420. 85
△ net amount of insurance liability reserve withdrawn	12			Net amount after tax of other comprehensive incomes attributable to owners of parent company	48	557, 759, 257. 68	429, 200, 501. 80
△ Policy dividend expenditure	13			(I) Other comprehensive income that cannot be reclassified into profit or loss	49	8, 534, 354. 52	4, 892, 492. 08
△ Reinsurance cost	14			1. Re-measure the change of defined benefit plans	50		
Taxes and surcharges	15	8, 234, 352, 537. 84	7, 783, 294, 045. 81	2. Other comprehensive income that cannot be carried forward to profit or loss under the equity method	51	8, 534, 354. 52	4, 892, 492. 08
Cost of sales	16	9, 605, 211, 991. 85	10, 192, 825, 494. 53	☆3. Changes in fair value of other equity instruments investment	52		
Management cost	17	19, 286, 408, 751. 58	18, 801, 676, 882. 86	☆4. Changes in the fair value of the enterprise's own credit risk	53		
R&D expenses	18	3, 352, 567, 454. 47	2, 910, 037, 292. 47	5. Others	54		
Financial expenses	19	10, 539, 037, 220. 31	11, 749, 103, 464. 27	(II) Other comprehensive income to be reclassified into profit or loss	55	549, 224, 903. 16	424, 308, 009. 72
Including: interest expense	20	12, 427, 219, 665. 88	13, 010, 535, 501. 57	1. Other comprehensive income of transferable to gains and losses under equity method	56	-78, 386, 412. 95	67, 999, 622. 51
Interest income	21	2, 839, 961, 583. 34	2, 476, 010, 353. 97	☆2. Changes in fair value of other debt investments	57	-78, 796, 633. 93	-5, 806, 811. 36
Exchange net loss (net income is indicated by "-")	22			3. Gains and losses from changes in fair value of available-for-sale financial assets	58		
Others	23			☆4. Amount of financial assets reclassified into other comprehensive incomes	59		
Plus: Other incomes	24	2, 004, 198, 091. 47	1, 190, 520, 776. 29	5. Held-to-maturity investment is reclassified as gains and losses of available-for-sale financial assets	60		
Investment income (losses are indicated by "-")	25	9, 559, 940, 963. 11	3, 338, 473, 169. 74	☆6. Reserve for credit impairment of other debt-backed investment	61		
Including: investment income from associated enterprises and joint ventures	26	344, 967, 058. 64	672, 442, 409. 64	7. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)	62	437, 694, 983. 36	148, 990, 607. 74
☆ Income from derecognition of financial assets measured at amortized cost	27			8. Translation difference of foreign currency financial statements	63	156, 722, 198. 29	213, 124, 590. 83
△ Exchange gains (losses are indicated by "-")	28			9.Others	64	111, 990, 768. 39	
☆ Net exposure hedging income (losses are indicated by "-")	29	-886, 499, 035. 14	-917, 592, 250. 85	* net after tax of other comprehensive income attributable to minority shareholders	65	1, 470, 354, 275. 43	1, 064, 549, 919. 05
Gains from changes in fair value (losses are indicated by "-")	30	585, 359, 553. 75	805, 501, 637. 74	**VII. Total comprehensive income**	66	13, 206, 779, 521. 82	18, 338, 469, 787. 22
☆ Credit impairment losses (losses are indicated by "-")	31	16, 414, 693. 21	-288, 606, 520. 06	Total comprehensive income attributable to owners of parent company	67	8, 574, 745, 805. 23	7, 348, 862, 318. 43
Impairment loss of assets (losses are indicated by "-")	32	-2, 056, 478, 439. 70	-4, 806, 065, 681. 86	* Total comprehensive income attributable to minority shareholders	68	4, 632, 033, 716. 59	10, 989, 607, 468. 79
Income from asset disposal (losses are indicated by "-")	33	74, 145, 311. 77	13, 464, 701. 21	**VIII. Earnings per share:**	69	—	—
III. Operating profit (losses are indicated by "-")	34	22, 776, 531, 484. 19	25, 803, 933, 761. 94	Basic earnings per share	70		
Plus: non-operating income	35	3, 223, 036, 841. 45	2, 118, 274, 498. 28	Diluted earnings per share	71		
Including: government subsidies	36				72		

Note: The accounts with * in the table are special for consolidated accounting statements; the item with △ is dedicated for financial enterprises; the items with ☆ are applicable for enterprises implementing the new income/ new financial instrument standards.

Pro-forma Consolidated Cash Flow Statement

Prepared by: Shandong Energy Group Co., Ltd. (merger)

Enterprise Finance Table 03

Amount Unit: RMB

Item	Line No.	2020	2019	Item	Line No.	2020	2019
I. Net cash flow from operating activities:	1	—	—	Cash received from disposal of investments	30	12, 005, 255, 962. 24	7, 182, 622, 253. 43
Cash received from selling goods and providing services	2	737, 979, 604, 112. 74	579, 366, 012, 672. 46	Cash received from investment income	31	2, 386, 209, 164. 62	849, 925, 741. 26
△ Net increase in customer bank deposits and due to banks and other financial institutions	3			Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	32	660, 680, 161. 31	638, 544, 896. 38
△ Net increase in borrowing from the central bank	4			Net cash received from disposal of subsidiaries and other business units	33	63, 973, 699. 15	1, 090, 968, 856. 07
△ Net increase in borrowing funds from other financial institutions	5			Other cash received relating to investment activities	34	6, 520, 724, 484. 70	2, 364, 380, 900. 18
△ Cash received from the premium of the original insurance contract	6			**Subtotal cash inflow from investment activities**	35	21, 636, 843, 472. 02	12, 126, 442, 647. 32
△ Net cash received from reinsurance business	7			Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	36	21, 615, 401, 832. 29	25, 714, 772, 931. 52
△ Net increase in deposits and investments from insurers	8			Cash paid for investment	37	15, 408, 975, 258. 39	13, 374, 716, 876. 97
△ Net increase from disposal of the financial assets measured at fair value and whose changes are counted to current gains and losses	9			△ Net increase of pledged loans	38		
△ Cash collected for interest, handling fees and commissions	10		114, 451, 851. 25	Net cash paid for acquisition of a subsidiary and other operating units	39	2, 802, 430, 991. 46	359, 260, 897. 67
△ Net increase of borrowed funds	11			Other cash paid relating to investment activities	40	5, 324, 371, 341. 08	3, 193, 789, 604. 68
△ Net increase in repurchase business funds	12			**Subtotal cash outflow from investment activities**	41	45, 151, 179, 423. 22	42, 642, 540, 310. 84
△ Net cash received from agent trading of securities	13			**Net cash flow from investment activities**	42	−23, 514, 335, 951. 20	−30, 516, 097, 663. 52
Tax refund received	14	1, 482, 435, 949. 94	930, 216, 037. 00	**III. Cash flow from fund-raising activities:**	43	—	—
Other cash received relating to operating activities	15	14, 611, 303, 092. 82	17, 028, 209, 847. 70	Cash received from investment absorption	44	2, 920, 311, 522. 17	1, 590, 577, 887. 74
Subtotal cash inflow from operating activities	16	754, 073, 343, 155. 50	597, 438, 890, 408. 41	Including: the subsidiary absorbs cash received from minority shareholders' investment	45	1, 297, 095, 975. 13	664, 137, 458. 24
Cash paid for purchasing goods and accepting labor services	17	620, 108, 571, 238. 90	464, 282, 455, 793. 55	Cash received from borrowing	46	200, 717, 672, 101. 61	169, 794, 357, 418. 52
△ Net increase in loans and payments on behalf of customers	18			Other cash received relating to fund-raising activities	47	11, 325, 043, 814. 48	13, 344, 259, 055. 95
△ Net increase in deposits with central bank and other financial institutions	19			**Subtotal cash inflow from financing activities**	48	214, 963, 027, 438. 26	184, 729, 194, 362. 21
△ Cash for payment of compensation under the original insurance contract	20			Cash paid for debt repayment	49	183, 625, 006, 944. 60	160, 896, 697, 238. 37
△ Net increase of lending funds	21			Cash paid for distributing dividends, profits or repaying interest	50	22, 818, 849, 714. 02	22, 935, 315, 448. 01
△ Cash for paying interest, handling fees and commissions	22			Including: dividends and profits paid by subsidiaries to minority shareholders	51	3, 107, 169, 819. 64	1, 309, 046, 280. 24
△ Cash for paying policy dividends	23			Cash paid relating to fund-raising activities	52	17, 724, 421, 833. 85	18, 237, 503, 796. 57
Cash paid to and for employees	24	38, 417, 902, 579. 88	37, 387, 760, 827. 55	**Subtotal cash outflow from financing activities**	53	224, 168, 278, 492. 47	202, 069, 516, 482. 95
Various taxes and fees paid	25	26, 528, 017, 969. 12	29, 256, 454, 339. 55	**Net cash flow from fund-raising activities**	54	−9, 205, 251, 054. 21	−17, 340, 322, 120. 74
Other cash paid relating to operating activities	26	37, 730, 406, 136. 51	34, 054, 870, 382. 06	**IV. Impact of exchange rate changes on cash and cash equivalents**	55	−96, 744, 528. 15	−70, 370, 616. 82
Subtotal cash outflow from operating activities	27	722, 784, 897, 924. 41	564, 981, 541, 342. 71	**V.Net increase in cash and cash equivalents**	56	−1, 527, 886, 302. 47	−15, 469, 441, 335. 38
Net cash flow from operating activities	28	31, 288, 445, 231. 09	32, 457, 349, 065. 70	Plus: opening balance of cash and cash equivalents	57	41, 701, 637, 565. 95	57, 171, 078, 901. 33
II. Net cash flow from investment activities:	29	—	—	**VI. Closing balance of cash and cash equivalents**	58	40, 173, 751, 263. 48	41, 701, 637, 565. 95

Note: Items with △ are for financial enterprises only.

Pro-forma Consoldiated Statement of Changes in Owner's Equity

Prepared by: Shandong Energy Group Co., Ltd. (merger)

Enterprise Finance Table 04

Amount Unit: RMB

Item	Line No.	2020														2019											
		Owner's equity attributable to parent company												Minority shareholders' equity	Total owner's equity	Owner's equity attributable to parent company										Minority shareholders' equity	Total owner's equity
		Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Less: Treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	△ General risk provision	Undistributed profits	Subtotal			Paid-in capital (or share capital)	Other equity instruments		Capital reserve	Less: Treasury stocks	Other comprehensive income	Special reserve	Surplus reserve	△ General risk provision	Undistributed profits	Subtotal		
			Preferred stock	Perpetual bond	Others												Preferred stock	Perpetual bond	Others									
Column	—	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
I. Closing balance of year 2019	1	35,221,973,369.00		18,961,165,095.00		19,519,774,497.41		-3,448,905,615.00	6,695,730,238.44	385,352,817.48	63,009,357.76	26,936,921,906.91	105,433,944,969.00	108,395,954,394.26	209,787,693,606.26	29,052,994,914.91		15,440,256,902.84		20,747,933,425.42		-3,959,259,193.28	6,931,650,329.69	385,352,817.48	46,099,304.18	21,933,999,995.80	97,909,193,829.71	99,695,217,695.56	197,119,359,695.27
Plus: change of accounting policy	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—														
Early error correction	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—											-263,316,026.92	-263,316,026.92	-130,225,780.40	-393,541,807.32
Others	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—											-581,474,806.53	-497,294,042.89	-3,418,424.90	-500,712,467.39
II. Opening balance of year 2020	5	35,221,973,369.00		18,961,165,095.00		19,519,774,497.41		-3,448,905,615.00	6,695,730,238.44	385,352,817.48	63,009,357.76	26,936,921,906.91	105,433,944,969.00	108,395,954,394.26	209,787,693,606.26	29,052,994,914.91		15,440,256,902.84		20,747,933,425.42		-3,959,259,193.28	6,931,650,329.69	385,352,817.48	46,099,304.18	21,933,999,995.80	97,909,193,829.71	99,695,217,695.56	197,119,359,695.27
III. Amount of increase or decrease this year (decrease is indicated by "-")	6	—	—	4,824,260,000.00	—	4,956,212,664.24	—	557,759,257.68	—	—	7,608,059,569.56	4,666,632,353.91	8,929,795,429.13	6,574,496,143.65	17,951,199,060.39	1,816,676,554.12	—	15,316,960,947.19	—	-1,272,404,317.29	—	429,200,501.80	6,906,053.58	5,025,596,769.13	16,941,999,459.10	5,990,366,532.50	22,932,365,991.59
(I) Total comprehensive income	7	—	—	—	—	—	—	557,759,257.68	—	—	—	8,804,986,567.55	9,362,745,825.23	6,632,803,716.50	15,995,549,541.73	—	—	—	—	—	—	429,200,501.80	—	—	—	6,919,164,486.63	7,348,364,988.43	18,359,957,490.73	25,708,322,479.16
(II) Shareholders' contributions and reduction	8	—	—	4,824,260,000.00	—	4,956,212,664.24	—	—	—	—	—	—	9,780,472,664.24	9,195,501,144.74	18,975,973,808.98	1,816,676,554.12	—	15,316,960,947.19	—	-247,920,192.56	—	—	6,906,053.58	5,025,596,769.13	16,941,999,459.10	5,990,366,532.50	22,932,365,991.59
1. Shareholders' contributions in ordinary share	9	—	—	4,824,260,000.00	—	132,229,362.91	—	—	—	—	—	—	-136,229,362.91	12,732,618,160.91	12,492,388,798.00	1,816,676,554.12	—	—	—	-764,661,690.32	—	—	—	—	—	804,276,867.80	379,490,395.91	1,183,767,263.63
2. Other equity instruments contributions	10	—	—	4,824,260,000.00	—	-37,899,033.22	—	—	—	—	—	—	4,986,561,966.79	-5,971,360,382.39	-984,798,415.61	—	—	15,316,960,947.19	—	-980,548,585.23	—	—	—	—	—	15,436,340,461.96	—	15,436,340,461.96
3. Amount of share-based payments recognized in equity	11	—	—	—	—	14,209,960.46	—	—	—	—	—	—	14,209,960.46		14,209,960.46		—	—	—	12,124,366.31	—	—	—	—	—	12,124,366.31	10,416,820.17	22,540,186.48
4. Others	12	—	—	—	—	4,955,179,559.41	—	—	—	—	—	—	4,809,971,559.41	731,268,553.20	5,771,240,112.61	—	—	—	—	-514,894,291.32	—	—	50,830,369.04	—	106,325,449.82	-157,739,981.46	1,397,586,322.64	1,439,767,340.96
(III) Withdrawal and use of special reserves	13	—	—	—	—	—	—	—	-1,513,439,669.28	—	—	—	-1,513,439,669.28	-304,356,922.16	-1,999,513,931.92	—	—	—	—	—	—	—	551,157,932.46	—	—	551,157,932.46	701,247,329.13	1,252,405,261.59
1. Withdrawal of special reserve	14	—	—	—	—	—	—	—	5,963,011,413.84	—	—	—	5,963,011,413.84	2,189,600,923.19	7,191,720,237.03	—	—	—	—	—	—	—	4,656,671,196.22	—	—	4,656,671,196.22	6,057,452,077.71
2. Use of special reserves	15	—	—	—	—	—	—	—	-7,476,451,083.12	—	—	—	-7,476,451,083.12	-2,493,957,845.35	-9,969,724,568.47	—	—	—	—	—	—	—	-4,105,513,263.76	—	—	-4,105,513,263.76	-5,355,804,961.12
(IV) Profit distribution	16	—	—	—	—	—	—	—	—	—	7,608,059,569.56	-3,380,394,189.44	-4,227,665,379.56	-4,300,196,742.17	-8,527,862,121.73	—	—	—	—	-459,277,915.23	—	—	6,906,053.58	-2,000,000,494.12	-2,452,222,256.73	-4,945,314,612.50	-10,241,121,050.63
1. Surplus reserve	17	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
including: statutory surplus reserve	18	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Discretionary surplus reserve	19	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
# Reserve Fund	20	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
# Enterprise Development Fund	21	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
# Return of investment by profits	22	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
△ 2. General risk provision withdrawn	23	—	—	—	—	—	—	—	—	—	7,608,059,569.56	42,672,927,917.97	50,280,987,487.53	—	50,280,987,487.53	—	—	—	—	—	—	—	—	—	-51,669,816.28	-44,762,762.68	—	-44,762,762.68
3. Distribution to owners (or shareholders)	24	—	—	—	—	—	—	—	—	—	—	-2,601,222,414.59	-2,329,195,195.56	-3,965,352,736.44	-6,294,547,932.00	—	—	—	—	—	—	—	—	—	-1,211,396,366.46	-1,211,396,366.46	-1,192,291,281.13	-4,314,735,447.59
4. Others	25											-791,804,503.38	-791,804,503.38	-119,423,053.64	-967,227,552.19					-459,277,915.23					-226,953,111.29	-1,186,630,929.63	-685,639,561.93	-1,962,150,466.38
(V) Internal carry-over of owner's equity	26																												
1. Capital reserve converted into capital (or share capital)	27	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2. Surplus reserve converted into capital (or share capital)	28	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3. Surplus reserves make up for losses	29	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4. Changes in defined benefit plan carried forward to retained earnings	30	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
☆5. Other comprehensive incomes carried forward to retained earnings	31	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6. Others	32																												
IV. Closing balance of year 2020	33	35,221,973,369.00		23,785,425,095.00		24,475,987,161.65		-2,891,256,357.32	5,179,963,349.16	385,352,817.48	60,613,417.32	30,203,434,389.32	112,999,339,430.83	113,462,361,932.41	226,461,701,363.24	30,869,671,469.03		23,961,165,095.00		19,219,324,405.42		-3,488,987,617.08	6,931,704,330.69	385,352,817.48	53,005,357.76	26,036,921,896.91	103,438,344,864.43	106,182,393,206.56	209,620,738,071.00

Note: the items with △ are for financial enterprises only; items with # for foreign-invested enterprises; items with ☆ is applicable to enterprises implementing the new financial instrument standards.

Notes to Pro-forma Consolidated Financial Statements

I.Basic Information of the Company

Shandong Energy Group Co., Ltd. (hereinafter referred to as the Company) was established on March 12, 1996. The Company was originally known as Yanzhou Mining Area, which started in the late 1960s and was renamed Yanzhou Mining Bureau in 1976. In March 1996, with the approval of the former Ministry of Coal Industry and the former State Economic and Trade Commission, the former Yanzhou Mining Bureau was restructured into a wholly state-owned company. When the Company was incorporated, its name was Yanzhou Mining (Group) Co., Ltd., which was subordinate to the former Ministry of Coal Industry. In 1997, Yanzhou Mining Group was shortlisted as the second batch of pilot entities of large-scale enterprise group by the state. At the end of 1998, the Company was changed to be a subordinate SOE enterprise to Shandong Provincial People's Government instead of the former Ministry of Coal Industry, and the investor's function and responsibility were exercised by the State-owned Assets Supervision and Administration Commission of the Shandong Provincial People's Government. In May 1999, the Company was renamed Yankuang Group Co., LTD. In 2020, the Company was renamed Shandong Energy Group Co., Ltd.

On March 12, 1996, the Company obtained the business license of enterprise legal person No.37000018019807 issued by Shandong Administration for Industry and Commerce and updated the Company's nature by changing its business license with the unified social credit code of 91370000166120002R on April 13, 2017. The registered capital is RMB 3,353,388,000 and the paid-in capital RMB 3,353,388,000, of which: the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government ("SASAC") contributed RMB 2,347,371,700, accounting for 70.00% of the registered capital; Shandong Social Security Fund Council contributed RMB 1,006,016,300, accounting for 30.00% of the registered capital.

On February 26, 2018, according to the Document of State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government (Lu Guo Zi Quan Zi [2018] No.7), "Reply to Proposal on Increase of the Paid-in Capital by Transferring Part of the State-owned Land Use Right Allocated to Yankuang Group Co., LTD.", it is agreed to increase the paid-in capital by transferring the state-owned land use right as stated in the Proposal according to the evaluation results, which have been filed with the Ministry of Land and Resources. After the capital increase, the registered capital was RMB7,769,200,000. The paid-in capital is RMB7,769,200,000, of which: the SASAC contributed RMB 5,438,440,000, accounting for 70.00% of the registered capital; Shandong Guohui Investment Co., Ltd. contributed RMB 1,553,840,000, accounting for 20.00% of the registered capital; Shandong Social Security Fund Council contributed RMB 776,920,000 million, accounting for 10.00% of the registered capital.

In 2020, the Company and the former Shandong Energy Group Co., Ltd. implemented joint reorganization. After reorganization, the name of the Company was changed to Shandong Energy Group Co., Ltd., and the registered capital was changed to RMB 24.7 billion. The ultimate shareholders of the Company are the SASAC, Shandong Guohui Investment Co., Ltd. and Shandong Caixin Asset Operation Co., Ltd., with their shareholding ratios of 70%, 20% and 10% respectively.

The business scope of the Company includes the operation of state-owned assets within the scope of authorization; Carry out investment and management in coal and other resource products, coal-fired power, coal chemical industry, high-end equipment manufacturing, new energy and new materials, modern logistics and trade, oil and gas, engineering and technology research and management consulting, high technology, finance and other industries; Plan, organize and coordinate the production and operation activities of the enterprises affiliated to the Group in the above-mentioned industries. Investment consulting; Periodical publishing, installation, opening, maintenance and equipment sales of cable radio and television; Value-added telecommunications services within the scope of license approval; Foreign engineering projects within the approved scope of the credentials for foreign contracted projects that are compatible with the strength, scale and performance, and laborers dispatched to implement the above-mentioned overseas projects. (The following items are limited to branch operations only): comprehensive utilization of waste heat from thermal power, heating and (other) power generation; Road transport; Wood processing; Installation and maintenance of water and heating pipes; Catering, hotels; Exploitation and sale of water; Geological prospecting, mining,

smelting, processing, sales and technical services for gold, precious metals and non-ferrous metals. Advertising service; Sales of mechanical and electrical products, clothing, textiles and rubber products; Import and export business within the scope of filing; Landscaping; Lease of houses, land and equipment; Coal, coal chemical industry and coal electrolytic aluminium technology development services; Production and sales of building materials and ammonium sulfate (white crystalline powder); Manufacturing, installation, maintenance and sales of mining equipment, electromechanical equipment, complete sets of equipment and spare parts; Decoration; Installation, maintenance and sales of electrical equipment; General parts, mechanical parts, processing and sales; Sewage treatment and sales of reclaimed water; Real estate development and property management; Sales of daily necessities, handicrafts, metal materials and gas equipment; Transportation of railway goods (self-provided in the area). (for the items that must be approved according to law, the business activities can only be carried out after being approved by relevant authorities)

Legal representative: Li Xiyong; Registered address: 19th floor, J3 Office Building, Gaoxin Wanda, No.57-1 Gongye Road South, Gaoxin District, Jinan City, Shandong Province.

Please refer to Part VII (I) of the Notes for details of the consolidation scope of the Company.

II.Basis for Preparation of Pro-forma Financial Statements

1.Basis of Preparation

In 2020, the company and the former Shandong Energy Group Co., Ltd. implemented a joint restructuring. The benchmark date of the restructuring was December 31, 2019. After the restructuring, the company's name was changed to Shandong Energy Group Co., Ltd. After the reorganization, the registered capital of the company was changed to RMB 24.7 billion. After the joint reorganization, the shareholding structure and shareholders of the company have not changed. The shareholders of the company are still Shandong SASAC, Shandong Guohui Investment Co., Ltd. and Shandong Social Security Fund Council, and the shareholding ratio is 70%, 20% and 10% respectively.

The Pro-forma financial statements assume that the merger has been completed on January 1, 2019, and according to the equity structure after the merger, it has existed and continued to operate since the beginning of the period, and there is no significant change during the period from January 1, 2019 to December 31, 2019 (i.e. the reporting period), and the assumed corporate structure is the accounting entity.

In order to fully and completely reflect the situation after the merger, according to the regulations on the preparation of statements for business merger under the same control, and assuming that the merger was completed on January 1, 2019, and the organizational structure after the merger date exists and continues to operate since the beginning of the period. This statement is prepared on the basis of the following consolidated financial statements. The consolidated financial statements audited by Daxin certified public accountants in 2019 with the report no. of Daxin Shen Zi [2020] No. 3-00490 and the report no. of Yankuang Group Co., Ltd. audited by ZTC Guanghua certified public accountants in 2019 with the report no. of ZTC Guanghua Shen Hui Zi (2020) No. 316003.

When preparing this consolidated financial statements for this reference, the significant internal related data among the companies included in the consolidation scope of this reference have been offset.

This Pro-forma consolidated financial statement is prepared based on the assumption of going concern, according to the actual transactions and events, in accordance with the accounting standards for business enterprises - Basic Standards issued by the Ministry of Finance on February 15, 2006 and the specific accounting standards, the application guide of accounting standards for business enterprises, the interpretation of accounting standards for business enterprises issued and revised later, and other relevant provisions (hereinafter collectively referred to as "Accounting standards for business enterprises") and other relevant provisions, and it is prepared based on the main accounting policies and accounting estimates described in note IV to the consolidated financial statements in this reference. The accounting policies based on the merger parties are consistent in all important aspects, and the accounting estimates based on them are consistent in all important aspects.

Considering the special purpose of the Pro-forma financial statements, when preparing the Pro-forma financial statements, only the Pro-forma consolidated financial statements during the reporting period were prepared, and the financial statements of the parent company were not prepared.

2.Going concern

The Company has the continuing operation viability for at least 12 months since the end of the reporting period, and no major events are affecting such ability.

III.Statement of compliance with accounting standards for business enterprises

The Pro-forma consolidated financial statement meets the requirements of Accounting Standards for Business Enterprises, and truly and completely reflects the consolidated financial position of the Company as of December 31, 2020 and December 31, 2019, as well as the consolidated operating results and consolidated cash flows in 2020 and 2019.

IV.Major accounting policies and accounting estimates of the Company

1.Accounting period

The accounting period of the Company is from January 1 to December 31 of the Gregorian calendar.

2.Bookkeeping base currency

The Company uses RMB as its bookkeeping base currency.

3.Accounting basis and pricing principle

The accounting of the Company is based on an accrual basis. Except for some financial instruments and investment real estate, the financial statements are based on historical cost.

4. Accounting treatment methods of business merger under the common control and not under the common control

Business merger refers to a transaction or event in which two or more separate enterprises are combined to form one reporting entity. The business merger is classified into the merger of entities under common control and merger under different control.

(1) Business merger under the common control

If the enterprises participating in the merger are ultimately controlled by the same party or parties before and after the merger, and the control is not temporary, it is a merger under common control. In case of the business merger under common control, the merging party shall be the one who has gained control over other enterprises participating in the merger on the merger date, and the other enterprises participating in the merger shall be the merged party. The merger date refers to the date when the merging party obtains control over the merged party.

The assets and liabilities acquired by the merging party are measured according to the book value of the merged party on the merger date. Adjust the capital reserve (equity premium) by the difference between the book value of the net assets obtained by the merging party and the book value of the merger consideration paid (or the total par value of the issued shares); If the capital reserve (equity premium) is insufficient to offset, the retained earnings shall be adjusted.

All direct expenses incurred by the merging party for the business merger shall be counted to current gains and losses when incurred.

(2) Business merger not under the common control

If the enterprises participating in the merger are ultimately not controlled by the same party or parties before and after the merger, it is a merger not under common control. In case of the business merger not under common control, the purchaser shall be the one who has gained control over other enterprises participating in the merger on the date of purchase, and the other enterprises participating in the merger shall be the purchased party. The date of purchase refers to the date when the purchaser obtains the control right over the purchased party.

For business merger not under the common control, the merger cost includes the assets paid, liabilities incurred or assumed by the purchaser to obtain control over the purchased party and the fair value of the issued equity securities on the purchase date, while the intermediary fees such as audit, legal services, evaluation and consultation and other management fees incurred for business merger are counted to the current gains and losses when they are incurred. Transaction costs of equity securities or debt securities issued by the purchaser as merger consideration shall be counted to the initially recognized amount of equity securities or debt securities. The contingent consideration involved is counted to the merger cost according to its fair value on the date of purchase. If there is new or further evidence of the existing situation on the date of purchase within 12 months after the date of purchase and it is necessary to adjust the contingent consideration, the consolidated goodwill will be adjusted accordingly. The merger costs incurred by the purchaser and the identifiable net assets obtained in the merger are measured at fair value on the date of purchase. The difference between the merger cost and the fair value share of identifiable net assets of the purchased party on the purchase date is recognized as goodwill. If the merger cost is less than the fair value share of identifiable net assets acquired during the merger, the fair values of identifiable assets, liabilities and contingent liabilities of the purchased party and the measurement of the merger cost shall be reviewed first. If, after review, the merger cost is still less than the fair value share of identifiable net assets acquired during the merger, the difference shall be counted to the current gains and losses.

If the purchaser obtains deductible temporary differences from the purchased party and fails to confirm them on the purchase date because it does not meet the conditions for recognition of deferred income tax assets, and if, within 12 months after the purchase date, new or further information is obtained to show that the relevant situation as of the purchase date exists and it is expectable that the economic benefits brought by the deductible temporary differences of the purchased party on the purchase date can be realized, the related deferred income tax assets will be recognized and goodwill will be reduced at the same time. If goodwill is insufficient to offset, the differences will be recognized as current gains and losses; Excepting for the above circumstances, the deferred income tax assets related to business merger are recognized and counted to current gains and losses.

As for the business merger under different control that is realized step by step through multiple transactions, it is judged whether such multiple transactions are "package transactions" according to the judgment criterion of "package transaction" in Article 51 of the Notice of the Ministry of Finance on Printing and Distributing Interpretation No.5 of Accounting Standards for Business Enterprises (Cai Shui [2012] No.19) and "Accounting Standards for Business Enterprises No.33-Consolidated Financial Statements". If it is a "package transaction", please refer to the description in the previous paragraphs of this part and the note "Long-term equity investment" for accounting treatment; If it is not a "package transaction", it is required to separate the individual financial statements from consolidated financial statements for relevant accounting treatment:

In individual financial statements, the sum of the book value of the equity investment of the purchased party held before the purchase date and the cost of newly increased investment on the purchase date is taken as the initial cost of the investment; If the equity of the purchased party held before the purchase date involves other comprehensive income, the other comprehensive income related to the investment will be accounted for on the same basis as the direct disposal of related assets or liabilities by the purchased party (i.e., except for the corresponding share involved in the changes caused by the re-measurement of net liabilities or net assets under the defined benefit plans by the purchased party according to the equity method, the rest will be carried forward to the current investment income).

In the consolidated financial statements, the equity of the purchased party held before the purchase date is re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value is counted to the current investment income; If the equity of the purchased party

held before the purchase date involves other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the purchased party (i.e., except for the corresponding share involved in the changes caused by the re-measurement of net liabilities or net assets under defined benefit plans by the purchased party according to the equity method, the rest shall be carried forward to investment income of the current period as of the purchase date).

5. Preparation method of consolidated financial statements

(1) Principle for determining the scope of consolidated financial statements

The consolidation scope of consolidated financial statements is determined based on control. Control means that the Company has the right to the invested party, enjoys variable returns by participating in the related activities of the invested party, and can exercise its power over the invested party to influence the amount of the return. The scope of consolidation includes the Company and all its subsidiaries. Subsidiary refers to all the entities controlled by the Company.

Once the relevant factors involved in the above control definition change due to the change of relevant facts and circumstances, the Company will re-evaluate the matter.

(2) The method of consolidated financial statements preparation

From the date of obtaining the net assets of subsidiaries and the actual control of production and operation decision-making, the Company begins to bring them into the scope of consolidation; From the date of losing the actual control, it stops including the same in the scope of consolidation. For the subsidiaries to be disposed of, the operating results and cash flows before the disposal date have been properly counted to the consolidated income statement and the consolidated cash flow statement; For subsidiaries disposed of in the current period, the opening amount of the consolidated balance sheet will not be adjusted. For the subsidiaries that are added by the business merger, not under the common control, the operating results and cash flows after the purchase date have been properly counted to the consolidated income statement and the consolidated cash flow statement, and the opening amount and contrast amount of the consolidated financial statements are not adjusted. For the subsidiaries added by the business merger under the common control and the merged party under consolidation by merger, the operating results and cash flow from the beginning of the consolidation period to the consolidation date have been properly counted to the consolidated income statement and the consolidated cash flow statement, and the contrast amount of the consolidated financial statements has been adjusted at the same time.

When preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments shall be made to the financial statements of the subsidiaries according to the accounting policies and accounting periods of the Company. For subsidiaries acquired by business merger, not under common control, the financial statements are adjusted based on the fair value of identifiable net assets on the date of purchase.

Intra-company current balances, transactions and unrealized profits shall be offset when preparing consolidated financial statements.

The shareholders' equity and the current net gain and loss of subsidiaries that are not owned by the Company are separately listed as minority shareholders' equity and minority shareholders' gain and loss in the consolidated financial statements under the entries of shareholders' equity and net profit. The share of minority shareholders' equity in the current net gain and loss of subsidiaries is listed as "minority shareholders' gain and loss" under the entry of net profit in the consolidated income statement. In case the loss assumed by minority shareholders exceeds the share enjoyed by minority shareholders in the initial shareholders' equity of the subsidiary, the minority shareholders' equity is still to be offset.

If the control over the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of losing control. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining

equity, minus the difference between the share of the original subsidiary's net assets continuously calculated from the purchase date and based on the original shareholding ratio, shall be counted to the investment income of the current period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted for at the time of losing control on the same basis as the direct disposal of related assets or liabilities by the purchased party (i.e., except for the change caused by re-measurement of net liabilities or net assets in the original subsidiary under defined benefit plans, the rest shall be carried forward to current investment income). Thereafter, the remaining equity of this part shall be subsequently measured by relevant regulations such as Accounting Standards for Business Enterprises No.2-Long-term Equity Investment or Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments. For details, please refer to Note IV, 13 "Long-term Equity Investment" or Note 4, 9 "Financial Instruments".

If the Company disposes of its equity investment in subsidiaries step by step through multiple transactions until it loses its control over such subsidiaries, it is necessary to distinguish whether the transactions that dispose of its equity investment in subsidiaries until it loses its control are package transactions. Should the terms, conditions and economic impacts of various transactions on the equity investment of subsidiaries meet one or more of the following conditions, it usually indicates that multiple transactions should be treated as package transactions: ①These transactions are concluded at the same time or in consideration of each other's influence; ②These transactions as a whole can achieve a complete business result; ③ The occurrence of one transaction depends on the occurrence of at least one of other transactions; ④ A transaction is uneconomical when viewed alone, but it is economical when considered together with other transactions. If it is not a package transaction, each transaction shall be accounted for according to the applicable principles of "partial disposal of long-term equity investment in subsidiaries without losing control" (see Note IV, 13, (2)④ for details) and "loss of control over original subsidiaries due to partial disposal of an equity investment or other reasons" (see the previous paragraph for details). If the transactions that dispose of the equity investment in subsidiaries until the loss of control belong to a package transaction, the transactions shall be treated as transactions that dispose of subsidiaries and lose control; However, the difference between the disposal price and the share of the subsidiary's net assets corresponding to the disposed investment before the loss of control is recognized as other comprehensive income in the consolidated financial statements, which will be carried forward to the gain and loss of the current period when the control is lost.

6.Classification of venture arrangement and accounting method of the joint operation

A venture arrangement refers to an arrangement under the joint control of two or more participants. According to the rights and obligations in the venture arrangement, the Company classifies the venture arrangement into joint operation and joint venture. Joint operation refers to the joint venture arrangement in which the Company enjoys the assets related to the arrangement and bears the liabilities related to the arrangement. A joint venture refers to a venture arrangement in which the Company only has rights to the net assets of the arrangement.

The Company's investment in the joint venture shall be accounted for by the equity method, and shall be treated by the accounting policies described in Note IV, 13(2)② "Long-term equity investment accounted by the equity method".

The Company, as a joint venture party, recognizes the assets and liabilities separately held by the Company, and recognizes the assets and liabilities jointly held by the Company according to its share; recognizes the income generated from the sale of the share of output in joint operation enjoyed by the Company; recognizes the income generated from the sale of output in joint operation according to the share of the Company; recognizes the expenses incurred by the Company alone, and recognizes the expenses incurred in joint operation according to the share of the Company.

When the Company, as a joint venture party, invests or sells assets (which do not constitute a business, the same below) or purchases assets from the joint operation, the Company only recognizes, before the assets are sold to a third party, the part of the gains and losses arising from the transaction that belongs to other participants in the joint operation. In case of an asset impairment loss by the Accounting Standards for Business Enterprises No.8-Asset Impairment, etc., the Company fully recognizes the loss in case the assets

are invested or sold by the Company to the joint operation; In the case that the Company purchases assets from the joint operation, the Company recognizes the loss according to the share it assumes.

7.Criteria for determining cash and cash equivalents

The Company's cash and cash equivalents include cash on hand, deposits that can be used for payment at any time, and investments held by the Company with short term (generally due within three months from the date of purchase), high liquidity, easy conversion into cash of known amount and little risk of value change.

8.Foreign currency business and foreign currency statement translation

(1) Conversion method of foreign currency transactions

At initial confirmation, the foreign currency transactions of the Company are converted into the bookkeeping base currency amount according to the spot exchange rate of the trading day, but the foreign currency exchange business or transactions involving foreign currency exchange of the Company are converted into the bookkeeping base currency amount according to the adopted exchange rate.

(2) Conversion methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate, except ① Exchange differences arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization, which shall be treated according to the principle of capitalization of borrowing costs; ②Foreign currency monetary items available for sale, which is counted to the current gains and losses, with the exception that exchange differences arising from other changes in book balances other than amortized cost are counted to other comprehensive income.

If the preparation of consolidated financial statements involves overseas operations, and if there are foreign currency monetary items that substantially constitute a net investment in overseas operations, the exchange difference caused by exchange rate changes shall be counted to other comprehensive income; When disposing of overseas operations, the same will be carried forward to the gains and losses of the current period for disposal.

Foreign currency non-monetary items measured at historical cost are still measured by the bookkeeping base currency converted at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rate on the fair value determination date, and the difference between the converted bookkeeping base currency amount and the original bookkeeping base currency amount shall be treated as changes in fair value (including exchange rate changes), which shall be counted to the current gains and losses or recognized as other comprehensive income.

(3) Translation method of foreign currency financial statements

If the preparation of consolidated financial statements involves overseas operations, and if there are foreign currency monetary items that substantially constitute a net investment in overseas operations, the exchange difference caused by exchange rate changes shall be recognized as other comprehensive income under the entry of "foreign currency statement translation difference"; When disposing of overseas operations, the same will be counted to the gains and losses of the current period for disposal.

Foreign currency financial statements of overseas operations are converted into RMB statements according to the following methods: assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; Except for "undistributed profits", other items of shareholders' equity are converted at the spot exchange rate at the time of occurrence. Income and expense items in the income statement shall be converted at the spot exchange rate on the transaction date. The undistributed profit at the beginning of the year is the undistributed profit at the end of the year after the conversion for the previous year; The undistributed profits at the end of the year are calculated and listed according to the converted profit distribution items; The difference between the total amount of converted asset items, liability items and owner's equity items shall be regarded as the conversion difference of foreign currency statements and

recognized as other comprehensive income. When disposing of an overseas operation and losing control over it, the translation difference of foreign currency statements related to the overseas operation listed in the owner's equity item in the balance sheet will be carried forward to the current gains and losses for disposal in whole or in proportion to the disposal of the overseas operation.

Foreign currency cash flows and cash flows of overseas subsidiaries shall be converted at the spot exchange rate on the date of occurrence of cash flows. The impact of exchange rate changes on cash is treated as a reconciliation item and presented separately in the cash flow statement.

The amount at the beginning of the year and the actual amount of the previous year are listed according to the converted amount in the financial statements of the previous year.

When the Company disposes of all the owner's equity of overseas operation or loses its control over overseas operation due to the disposal of part of an equity investment or other reasons, all the foreign currency statement conversion differences listed in the owner's equity items in the balance sheet and related to the overseas operation and belonging to the owner's equity of the parent company will be carried forward to the current gains and losses for disposal.

If disposal of part of the equity investment or other reasons leads to a decrease in the proportion of overseas business interests without losing the right to control overseas operation, the translation difference of foreign currency statements related to the disposal of the overseas operation will be attributed to minority shareholders' interests and will not be carried forward to the current gains and losses. When disposing of part of the equity of an overseas operation being an associated business or joint venture, the difference in the translation of foreign currency statements related to the overseas operation shall be carried forward to the current gains and losses for disposal according to the proportion in the overseas operation.

9.Financial instruments

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value at initial recognition. For financial assets and financial liabilities measured at fair value and whose changes are counted to current gains and losses, relevant transaction costs are directly counted to gains and losses, and for other types of financial assets and financial liabilities, relevant transaction costs are counted to the initially recognized amount.

(1) The fair value determination method of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or need to pay for transferring a liability in an orderly transaction on the measurement date. If there is an active market for financial instruments, the Company adopts the quotation in the active market to determine their fair value. The quotation in an active market refers to the price that can be easily obtained from exchanges, brokers, trade associations, pricing service agencies, etc. regularly, and represents the actual market transaction price in fair trade. If there is no active market for financial instruments, the Company adopts valuation to determine their fair value. Valuation method includes referring to the prices used in recent market transactions by parties who are familiar with the situation and voluntarily trade, referring to the current fair values of other financial instruments that are essentially the same, cash flow discount method and option pricing model, etc.

(2) Classification, recognition and measurement of financial assets

When buying and selling financial assets in a conventional way, accounting recognition and derecognition shall be carried out according to the trading day. At initial recognition, financial assets are classified into financial assets measured at fair value and whose changes are counted to current gains and losses, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

①Financial assets measured at fair value and whose changes are counted to current gains and losses

Including trading financial assets and financial assets designated to be measured at fair value and whose changes are counted to current gains and losses.

Trading financial assets refer to financial assets that meet one of the following conditions: A. The purpose of obtaining the financial assets is mainly to sell them shortly; B. It is a part of the identifiable portfolio of financial instruments under centralized management, and there is objective evidence that the Company has recently sought short-term gains for managing the portfolio; C. It belongs to derivatives, except for those that are designated as effective hedging instruments, derivatives that belong to financial guarantee contracts, and derivatives that are linked to investment in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured and must be settled by delivering the equity instruments.

Financial assets that meet one of the following conditions can be designated as financial assets measured at fair value and whose changes are counted to current gains and losses at initial recognition: A. The designation can eliminate or significantly reduce the inconsistency in recognition or measurement of related gains or losses caused by different measurement bases of the financial assets; B. The formal written documents of the Company's risk management or investment strategy have stated that the financial asset portfolio or financial asset and financial liability portfolio where the financial assets are located are managed, evaluated and reported to key management personnel based on fair value.

Financial assets measured at fair value and whose changes are counted to current gains and losses are subsequently measured at fair value, and gains or losses caused by changes in fair value and dividends and interest income related to these financial assets are counted to current gains and losses.

②Held-to-maturity investment

Refers to the non-derivative financial assets with fixed maturity date, fixed or determinable recovery amount, and the Company has clear intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at the amortized cost using the effective interest rate method. Gains or losses arising from derecognition, impairment or amortization are counted to the current gains and losses.

The effective interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities (including a group of financial assets or financial liabilities) and the interest income or expenditure of each period. The effective interest rate refers to the interest rate used to discount the future cash flow of financial assets or financial liabilities within the expected duration or applicable shorter period to the current book value of the financial assets or financial liabilities.

When calculating the effective interest rate, the Company will estimate the future cash flow based on considering all contract terms of financial assets or financial liabilities (without considering future credit losses), and will also consider various charges, transaction costs, discounts or premiums paid or collected by and between the parties to the financial assets or financial liabilities contract, which are part of the effective interest rate.

③Loans and receivables

It refers to non-derivative financial assets with the absence of quotation in the active market and fixed or determinable recovery amount. The Company's financial assets classified into loans and receivables include bills receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from derecognition, impairment or amortization are counted to current gains and losses.

④Available-for-sale financial assets

Including non-derivative financial assets designated as available for sale at the time of initial recognition, and financial assets other than those measured at fair value and whose changes are counted to current gains and losses, loans and receivables, and held-to-maturity investments.

The closing cost of investment in available-for-sale debt instruments is determined according to amortized cost method, i.e. the amount obtained by deducting the repaid principal from the initially recognized amount, plus or minus the accumulated amortization amount formed by amortizing the difference between the initially recognized amount and the due date amount by the effective interest rate method and deducting the impairment loss that has occurred. The closing cost of investment in available-for-sale equity instruments is its initial acquisition cost.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses caused by changes in fair value are recognized as other comprehensive income and counted to the current gains and losses upon final transferring out when the financial assets are derecognized, with exception of impairment losses and exchange differences between foreign currency monetary financial assets and amortized cost, which are carried forward to currency gains and losses. However, the investment in equity instruments without quotation available in an active market and whose fair value cannot be reliably measured, and the derivative financial assets that are linked to the equity instruments and must be settled by delivering such equity instruments shall be subsequently measured according to the cost.

Interest earned during the holding period of available-for-sale financial assets and cash dividends distributable as announced by the invested party is counted to income from investment.

(3) Impairment of financial assets

Except for the financial assets measured at fair value and whose changes are counted to current gains and losses, the Company checks the book value of other financial assets on each balance sheet date. If there is objective evidence that the financial assets are impaired, provision for impairment shall be made.

The Company separately conducts impairment test on financial assets with a significant amount of single item; For financial assets with an insignificant amount of single item, the impairment test shall be conducted separately or as a part of a financial asset portfolio with similar credit risk characteristics. Financial assets without impairment (including financial assets with a significant and insignificant amount of single item) are separately tested, which are counted to the financial asset portfolio with similar credit risk characteristics for impairment test. The financial assets with individually recognized impairment losses are not counted to the financial asset portfolio with similar credit risk characteristics for the impairment test.

①Impairment of held-to-maturity investments, loans and receivables

The book value of financial assets measured at cost or amortized cost is written down to the present value of the estimated future cash flow, and the written-down amount is recognized as an impairment loss and counted to the current gains and losses. If there is objective evidence that the value of the financial asset has recovered after the impairment loss is recognized, and it is objectively related to the events after the loss is recognized, the originally recognized impairment loss will be reversed, and the book value of the financial asset after the reversal of impairment loss will not exceed the amortized cost of the financial asset on the reversal date under the assumption that no impairment provision is made.

②Impairment of available-for-sale financial assets

When the fair value decline of available-for-sale equity instrument investment is comprehensively judged by related factors to be a serious or non-temporary decline, it indicates that the available-for-sale equity instrument investment suffers impairment. Where "serious decline" means that the fair value has fallen by more than 20%; and "Non-temporary decline" refers to the continuous decline of fair value for more than 12 months.

In case of impairment of available-for-sale financial assets, the accumulated loss due to the decrease of fair value originally counted to other comprehensive income is transferred out and counted to the current gain

and loss. The accumulated loss being transferred out is the balance of the initial acquisition cost of the asset after deducting the recovered principal and amortized amount, current fair value and impairment loss originally counted to gain and loss.

After the impairment loss is recognized, if there is objective evidence that the value of the financial asset has been restored after the period, which is objectively related to the events after the loss is recognized, the originally confirmed impairment loss is reversed, the impairment loss of available-for-sale equity instruments investment is reversed and recognized as other comprehensive income, and the impairment loss of available-for-sale debt instruments is reversed and counted to current gains and losses.

Reversal is not applicable for the investments in equity instruments with the absence of quotation in an active market and whose fair value cannot be reliably measured, or impairment losses of derivative financial assets linked to the equity instruments and settled by delivering the equity instruments.

(4) Recognition basis and measurement method for transfer of financial assets

A financial asset that meets one of the following conditions shall be derecognized: ① The contractual right to receive a cash flow of the financial asset is terminated; ②The financial asset has been transferred, and almost all risks and rewards of ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, and the enterprise has given up its control over the financial asset, although it has neither transferred nor retained almost all the risks and rewards in the ownership of the financial asset.

If the enterprise has neither transferred nor retained almost all risks and rewards in the ownership of financial assets and has not given up its control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuing involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continuing involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally counted to other comprehensive income shall be counted to the current gains and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets shall be apportioned according to its relative fair value between the derecognized and non-derecognized parts, and the difference between the sum of the consideration received due to the transfer and the accumulated change of fair value originally counted to other comprehensive income that should be apportioned to the derecognized part and the aforesaid book amount apportioned shall be counted to the current gains and losses.

When the Company sells financial assets with recourse or endorses and transfers the financial assets it holds, it is necessary to determine whether almost all risks and rewards in the ownership of the financial assets have been transferred. If almost all the risks and rewards in the ownership of the financial asset have been transferred to the transferee, the financial asset shall be derecognized; If almost all risks and rewards in the ownership of financial assets are retained, the financial assets shall not be derecognized; If almost all risks and rewards in the ownership of financial assets are neither transferred nor retained, it is necessary to continue to judge whether the enterprise has retained control over the assets, and carry out accounting treatment according to the principles mentioned in the previous paragraphs.

(5) Classification and measurement of financial liabilities

At initial recognition, financial liabilities are classified into financial liabilities measured at fair value and whose changes are counted to current gains and losses, and other financial liabilities. Initially recognized financial liabilities are measured at fair value. For financial liabilities measured at fair value and whose

changes are counted to current gains and losses, relevant transaction costs are directly counted to current gains and losses, and for other types of financial liabilities, relevant transaction costs are counted to the initially recognized amount.

① Financial liabilities measured at fair value and whose changes are counted to current gains and losses

The conditions for being classified as trading financial liabilities and financial liabilities designated at initial recognition as being measured at fair value and whose changes are counted to current gains and losses are consistent with those for being classified as trading financial assets and financial assets designated at initial recognition as being measured at fair value and whose changes are counted to current gains and losses.

Financial liabilities measured at fair value and whose changes are counted to current gains and losses are subsequently measured at fair value, and gains or losses caused by changes in fair value and dividends and interest expenses related to these financial liabilities are counted to current gains and losses.

②Other financial liabilities

The derivative financial liabilities that must be linked with the equity instruments without quotation available in an active market, the fair value of which cannot be reliably measured, and the settlement of which can only be realized by delivering such equity instruments, shall be subsequently measured based on the cost. Other financial liabilities are subsequently measured at the amortized cost using the effective interest rate method. Gains or losses arising from derecognition or amortization are counted to the current gains and losses.

③Financial guarantee contract

Financial guarantee contract that does not belong to financial liabilities designated to be measured at fair value and whose changes are counted to current gains and losses are initially recognized at fair value. After initial recognition, the subsequent measurement is made per the higher of the amount determined by Accounting Standards for Business Enterprises No.13-Contingencies and the balance after deducting the accumulated amortization amount determined by Accounting Standards for Business Enterprises No.14-Revenue.

(6) Derecognition of financial liabilities

Only when all or part of the current obligations of a financial liability has been discharged can the financial liability or part of it be derecognized. The Company (the debtor) and creditor(s) sign an agreement to replace the existing financial liabilities by assuming new financial liabilities, and if the contract terms of the new financial liabilities are substantially different from those of the existing financial liabilities, the existing financial liabilities shall be derecognized and the new financial liabilities shall be recognized at the same time.

If all or part of the financial liabilities is derecognized, the difference between the book value of the derecognized part and the consideration paid (including the transferred non-cash assets or the new financial liabilities assumed) shall be counted to the current gains and losses.

(7) Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities, which can be exercised at present, and the Company plans to realize the financial assets and pay off the financial liabilities using netting or at the same time, the financial assets and financial liabilities are listed in the balance as the amount after the offset. In addition, financial assets and financial liabilities are listed separately in the balance sheet and will not be offset against each other.

(8) Equity instruments

Equity instruments refer to contracts that can prove that they have the remaining equity in the assets of the

Company after deducting all liabilities. The Company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments are treated as changes in equity. The Company does not recognize changes in the fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity.

Various distributions (excluding stock dividends) made by the Company to holders of equity instruments reduce the shareholders' equity. The Company does not recognize changes in the fair value of equity instruments.

10.Receivables

Receivables include accounts receivable, bills receivable and other receivables. Accounts receivable generated by the Company's external sales of goods or services shall be initially recognized at the fair value of the contract or agreement price receivable from the purchaser.

(1) Accounts receivable with a significant amount of single item and provision for bad debts for a single item:

Judgment basis or criterion of amount for a significant amount of a single item	Accounts receivable with a balance of more than RMB 10 million and other receivables with a balance of more than RMB 5 million.
The accrual method of bad debt provision with a significant amount of single item	When there is objective evidence that the Company will not be able to recover all the money according to the original terms of the receivable, the impairment test shall be conducted separately according to the difference between the present value of its estimated future cash flow and its book value, and the provision for bad debts shall be accrued.

(2) Accounts receivable with provision for bad debts accrued according to credit risk portfolio

The Company classifies financial assets according to the similarity and correlation of credit risk characteristics for receivables with an insignificant amount of single item and receivables with a significant amount of single item but no impairment in a single test. These credit risks usually reflect the debtor's ability to repay all due amounts according to the contract terms of these assets and are related to the future cash flow calculation of the assets under inspection.

A. Basis for determination of different portfolio:

Item	The basis for portfolio recognition
Aging portfolio	Divide the portfolio by taking the aging of receivables as the credit risk characteristics
Transactions between and reserves for internal affiliated units and the government	To determine the relationship between related parties, transactions with the government, and reserve funds as a portfolio
Risk-free portfolio	Specific debtors and issues

B. Accrual method of bad debt provision for different portfolios:

Item	Accrual method
Aging portfolio	Provision for bad debts by aging analysis
Transactions between and reserves for internal affiliated units and the government	No provision for bad debts
Risk-free portfolio	No provision for bad debts

a. Aging analysis taken as the portfolio accrual method for bad debt provision in the portfolio

Aging	Accrual ratio of accounts receivable (%)
Within 1 year (including 1 year)	5.00
1-2 years	30.00
2-3 years	50.00
3-4 years	80.00
4-5 years	80.00
Over 5 years	100.00

b. Description of other accrual methods for bad debt provision in the portfolio

Portfolio name	Accrual ratio (%)
Transactions between and reserves for internal affiliated units and the government	No provision for bad debts
Risk-free portfolio	No provision for bad debts

If there is conclusive evidence that (receivables in) related party transactions cannot be recovered or are unlikely to be recovered, provision for bad debts shall be made per the unrecoverable amount.

(3) Accounts receivable with bad debt provision accrued for a single item, although the amount of a single item is not significant

Reasons for bad debt provision for a single item	The amount of a single item is not significant and the provision for bad debts per portfolio cannot reflect its risk characteristics
The accrual method of bad debt provision	The provision for bad debts shall be accrued according to the difference between the present value of its future cash flow and its book value

(4) Reversal of bad debt provision

If there is objective evidence that the value of the receivable has been restored and is objectively related to the events occurring after the loss is recognized, the originally confirmed impairment loss will be reversed and counted to the current gains and losses. However, the book value after the reversal does not exceed the amortized cost of the receivable on the reversal date under the assumption that no impairment provision is accrued.

(5) If the Company transfers receivables to financial institutions without recourse, the difference between the book value of other receivables written off per transaction amount and related taxes and fees shall be counted to the current gains and losses.

(6) For prepayments, long-term receivables due within one year and other receivables, if there is any sign of impairment, provision for bad debts shall be accrued according to the difference between the present value of future cash flow (which is lower) and its book value.

11.Inventory

(1) Classification of inventory

The Company's inventory is divided into raw materials, in-process products, self-made semi-finished

products, inventory goods, turnover materials, low-value consumables, packaging materials, engineering works, real estate development costs, real estate development products and so on.

(2) Valuation method for inventory acquiring and issuing

The perpetual inventory system is taken for the Company's inventory management, and the inventory is valuated at the actual cost when it is acquired. Raw materials, in-process products, self-made semi-finished products, inventory goods, etc. are valuated by a weighted average method when they are issued; Turnover materials, low-value consumables and packaging materials are amortized by the one-time write-off method.

The actual cost of real estate development products includes land leasing fees, expenditure on basic supporting facilities, expenditure on construction and installation projects, borrowing costs incurred before completion of the development project and other related expenses in the development process. When the development products are issued, the actual cost is determined by the individual pricing method. When real estate development products are issued, the actual cost is determined by the individual pricing method.

(3) The method of providing for inventory depreciation

If the closing inventory cost of the Company is higher than its net realizable value, provision for inventory depreciation shall be accrued. The Company usually makes provision for inventory depreciation according to a single inventory item. At the end of the period, if the influencing factors of the previous write-down of inventory value have disappeared, the provision for inventory depreciation will be reversed within the originally accrued amount.

(4) Confirmation method for net realizable value of inventory

The net realizable value of inventory is the estimated selling price of inventory minus the estimated costs to be incurred through to completion, estimated sales expenses and related taxes and fees.

12.Assets held for sale

The assets, for which the Company will recover the book value by selling (including the exchange of non-monetary assets with commercial substance, the same below) instead of continuously using a non-current asset or disposal group, and in respect of which the following two conditions are satisfied at the same time, are classified as held-for-sale: (1) A non-current asset or disposal group can be sold immediately under the current situation according to the practice of selling such assets or disposal groups in similar transactions; (2) The Company has resolved the sale plan and obtained a firm purchase commitment, and it is estimated that the sale will be completed within one year. (If the relevant regulations require the approval of the relevant competent authorities or regulatory authorities before the sale, such approval has been obtained.)

The Company classifies the non-current assets or disposal groups acquired for resale as held for sale on the acquisition date if they meet the specified conditions of "the sale is expected to be completed within one year" and are likely to meet other classification conditions of holding for sale in the short term (usually three months).

If the book value of the Company's asset is higher than the net amount of fair value minus selling expenses when it is classified as non-current assets held for sale and disposal group upon initial measurement or re-measurement on the balance sheet date, the book value will be written down to the net amount of fair value minus selling expenses, and the written-down amount will be recognized as asset impairment loss, which will be counted to the current gains and losses, and the impairment provision for assets held for sale will be accrued at the same time. For the amount of asset impairment loss confirmed by the disposal group held for sale, the book value of goodwill in the disposal group shall be offset first, and then the book value shall be offset proportionally per the book value of various non-current assets in the disposal group according to the measurement regulations of Accounting Standards for Business Enterprises No.42-Holding Non-current Assets for Sale, Disposal Group and Termination of Operation.

If the net amount of fair value of non-current assets held for sale minus selling expenses increase on the

subsequent balance sheet date, the previously written-down amount will be restored and reversed within the amount of asset impairment loss recognized after being classified as held for sale, and the reversed amount will be counted to the current gains and losses. Impairment losses of assets recognized before being classified as held for sale are not reversed. The amount previously written down by the disposal group held for sale shall be restored, and after being classified into the category of held for sale, it shall be reversed within the amount of asset impairment loss recognized by non-current assets as measured in Accounting Standards for Business Enterprises No.42-Non-current Assets Held for Sale, Disposal Group and Termination of Operation, and the amount being reversed shall be counted to the current gains and losses. The book value of goodwill that has been offset, as well as the asset impairment loss recognized before the non-current assets are classified as held for sale according to the measurement provisions of Accounting Standards for Business Enterprises No.42-Non-current Assets Held for Sale, Disposal Group and Termination of Operation, shall not be reversed.

Non-current assets held for sale or non-current assets in the disposal group are not depreciated or amortized, and interest and other expenses of liabilities in the disposal group held for sale continue to be recognized.

When non-current assets or disposal groups no longer meet the classification conditions of holding for sale, the Company will no longer classify them as held for sale or remove non-current assets from held-for-sale disposal groups and measure them according to the lower of: (1) The book value before being classified as held for sale, and the amount adjusted according to the depreciation, amortization or impairment that should have been recognized if it were not classified as held for sale; and (2) Recoverable amount.

When the non-current assets or disposal groups held for sale are derecognized, the Company will count the unrecognized gains or losses to the current gains and losses.

13.Long-term equity investment

The long-term equity investment mentioned in this part refers to the long-term equity investment in respect of which the Company has control, joint control or significant influence on the invested party. The Company's long-term equity investments that have no control, joint control or significant influence on the invested party are accounted as available-for-sale financial assets or financial assets measured at fair value and whose changes are counted to current gains and losses. For details of accounting policies, please refer to Note IV.9 "Financial Instruments".

Joint control refers to the common control of an arrangement by the Company by relevant agreements, and the relevant activities of the arrangement must be unanimously agreed upon by the participants who share the control rights before making decisions. Significant influence means that the Company has the right to participate in decision-making on the financial and operating policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

For the long-term equity investment obtained through the merger of enterprises under the common control, the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party shall be taken as the initial investment cost of the long-term equity investment on the merger date. Adjust the capital reserve per the difference between the initial cost of long-term equity investment and the cash paid, the transferred non-cash assets and the book value of the debts undertaken; If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the issue of equity securities is taken as the merger consideration, the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party shall be taken as the initial cost of long-term equity investment, and the total par value of the issued shares shall be taken as the share capital, and the capital reserve shall be adjusted per the difference between the initial cost of long-term equity investment and the total par value of the issued shares. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity of the merged party under the common control is acquired step by step through multiple transactions, which finally constitutes a business merger under the common control, it shall be handled separately, depending on whether it belongs to the "package transaction". If it belongs to the "package transaction", each transaction shall be treated as a transaction with control rights.

If it is not a "package transaction", the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party shall be taken as the initial cost of the long-term equity investment on the merger date, and the capital reserve shall be adjusted per the difference between the initial cost of the long-term equity investment and the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration for the shares on the merger date. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted. Equity investments held before the merger date will be temporarily set aside in accounting treatment because they are accounted by equity method or recognized as other comprehensive income for available-for-sale financial assets.

For the long-term equity investment obtained through the business merger of not under the common control, the merger cost is taken as the initial cost of the long-term equity investment on the purchase date per the consolidated cost, which includes the sum of the assets paid by the purchaser, the liabilities incurred or assumed, and the fair value of the issued equity securities. If the equity of the purchased party is acquired step by step through multiple transactions, which finally constitutes a business merger not under the common control, it shall be handled separately, depending on whether it belongs to the "package transaction". If it belongs to the "package transaction", each transaction shall be treated as a transaction with control rights. If it is not a "package transaction", the sum of the book value of the original equity investment held by the purchaser plus the new investment cost shall be taken as the initial cost of the long-term equity investment otherwise calculated by the cost method. If the equity originally held is accounted for by the equity method, other related comprehensive income will be temporarily set aside in accounting treatment. If the originally held equity investment is a financial asset available for sale, the difference between its fair value and book value, as well as the accumulated fair value changes originally counted to other comprehensive income, are carried forward to the current gains and losses.

Intermediary expenses such as auditing, legal services, evaluation and consultation and other related management expenses incurred by the merging party or the purchaser for business merger shall be counted to the current gains and losses when incurred.

Other equity investments except the long-term equity investment formed by the business merger are initially measured at cost, and such cost, depending on the different ways of obtaining the long-term equity investment, is determined according to the actual purchase price in cash as paid by the Company, the fair value of equity securities issued by the Company, the value agreed in investment contract or agreement, the fair value or original book value of assets exchanged in non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Expenses, taxes and other necessary expenses directly related to obtaining long-term equity investment are also counted to the investment cost. Where additional investment can have a significant impact on the invested party or result in joint control but not constituting control, the long-term equity investment cost is the sum of the fair value of the original equity investment determined by Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments plus the new investment cost.

(2) Subsequent measurement and gain and loss recognition methods

Long-term equity investment with joint control (except for the case constituting joint operators) over or significant influence on the invested entity shall be accounted for by the equity method. In addition, the cost method is taken in the Company's financial statements to calculate the long-term equity investment that leads to control over the invested entity.

①Long-term equity investment accounted by the cost method

When accounted for by the cost method, the long-term equity investment is valuated according to the initial investment cost, and the cost of long-term equity investment is adjusted by the added or recovered investment. Except for the actual price paid at the time of obtaining the investment or the consideration containing the cash dividends or profits that have been declared but not yet distributed, the current investment income shall be recognized according to the cash dividends or profits declared and distributed by the invested party.

②Long-term equity investment accounted by the equity method

When accounted by the equity method, if the initial cost of long-term equity investment is greater than the fair value share in identifiable net assets of the invested party, the initial cost of long-term equity investment will not be adjusted; If the initial investment cost is less than the fair value share of identifiable net assets of the invested party at the time of investment, the difference shall be counted to the current gains and losses, and the cost of long-term equity investment shall be adjusted at the same time.

When the equity method is used for accounting, the investment income and other comprehensive income are respectively recognized according to the share in the net gain and loss and other comprehensive income realized by the invested entity, and the book value of the long-term equity investment is adjusted at the same time; Subject to the profit or cash dividend declared and distributed by the invested party, the book value of long-term equity investment shall be reduced accordingly; The book value of the long-term equity investment is adjusted and counted to the capital reserve for other changes in the owner's equity of the invested party except for net gain and loss, other comprehensive income and profit distribution. When confirming the share in the net gain and loss of the invested party, the net profit of the invested party is recognized after adjustment based on the fair value of the identifiable assets of the invested party at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the invested party are inconsistent with those of the Company, the financial statements of the invested party shall be adjusted according to the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized accordingly. For the transactions between the Company and its associated enterprises and joint ventures, if the assets invested or sold do not constitute a business transaction, the unrealized internal transaction gains and losses shall be offset according to the proportion of the gains and losses attributable to the Company, and the investment gains and losses shall be recognized on this basis. However, if the unrealized internal transaction losses between the Company and the invested party belong to the impairment losses of the transferred assets, they will not be offset. If the assets invested by the Company to a joint venture or associated enterprise constitute a business, whereby the investor obtains long-term equity investment but does not obtain control right, the fair value of the invested business shall be taken as the initial cost of the new long-term equity investment, and the difference between the initial investment cost and the book value of the invested business shall be fully counted to the current gains and losses. If the assets sold by the Company to a joint venture or an associated enterprise constitute a business, the difference between the consideration obtained and the book value of the business shall be fully counted to the current gains and losses. If the assets purchased by the Company from associated enterprises or joint ventures constitute a business, they shall be accounted for according to the Accounting Standards for Business Enterprises No.20-Business Mergers, and the gains or losses related to the transactions shall be fully recognized.

When confirming that the net loss incurred by the invested party should be shared, the book value of the long-term equity investment and other long-term equities that substantially constitute the net investment to the invested party should be written down as much as to zero. In addition, if the Company must bear additional losses to the invested party, the estimated liabilities shall be recognized according to the expected obligations and counted to the current investment losses. If the invested party achieves net profit in the future period, the Company will resume the recognition of the revenue sharing amount after the revenue sharing amount compensates for the unrecognized loss-sharing amount.

③Acquisition of minority shares

When preparing the consolidated financial statements, the capital reserve is adjusted due to the difference between the new long-term equity investment resulting from the purchase of minority shares and the share in the net assets of the subsidiary continuously calculated from the purchase date (or the merger date) according to the proportion of newly added shareholding. If the capital reserve is insufficient to offset, the retained earnings will be adjusted.

④Disposal of long-term equity investment

In the consolidated financial statements, for the parent company partially disposing of the long-term equity investment in the subsidiary without losing control, the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment is counted to the shareholders' equity; If the parent company partially disposes of the long-term equity investment in the

subsidiary, resulting in the loss of control over the subsidiary, it shall be handled according to the relevant accounting policies described in Notes IV, 5 (2) "Methods for Preparing Consolidated Financial Statements".

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actual acquisition price shall be counted to the current gains and losses.

For long-term equity investment accounted by the equity method, if the remaining equity after disposal is still accounted by the equity method, the other comprehensive income originally counted to the owner's equity will be accounted for according to the corresponding proportion on the same basis as that of the invested entity directly disposing of related assets or liabilities. Owner's equity as confirmed due to changes in owner's equity of the invested party, with exception of net gain and loss, other comprehensive income and profit distribution, shall be carried forward to current gains and losses in proportion.

For long-term equity investment accounted by the cost method, if the remaining equity after disposal is still accounted by the cost method, other comprehensive income recognized through accounting by the equity method or according to financial instrument recognition and measurement standard before obtaining the control over the invested party shall be accounted for on the same basis as that of the invested party's direct disposal of related assets or liabilities, and carried forward to the current gains and losses in proportion; The changes of owner's equity in the net assets of the invested party, as the result of recognition through accounting by the equity method, with exception of net gain and loss, other comprehensive income and profit distribution, are carried forward to the current gains and losses in proportion.

If the Company loses its control over the invested party due to the disposal of some equity investments, when preparing individual financial statements, if the remaining equity after disposal can exercise joint control or exert significant influence on the invested party, it shall be accounted for according to the equity method instead, and the remaining equity shall be regarded as having been accounted for and adjusted by the equity method from the time of acquisition; If the remaining equity after disposal cannot exercise joint control or exert significant influence on the invested party, it shall be accounted for according to the relevant provisions of the Standards for Recognition and Measurement of Financial Instruments, and the difference between its fair value and book value on the date of loss of control shall be counted to the current gains and losses. For other comprehensive income recognized through accounting by the equity method or according to financial instrument recognition and measurement standard before the Company obtains the control over the invested party, at the time of losing control over the invested party, the same basis as the invested party's direct disposal of related assets or liabilities shall be adopted for accounting treatment, and changes of other owner's equities in the invested party's net assets recognized by adopting the equity method, with exception of net gain and loss, other comprehensive income and profit distribution, shall be carried forward to current gains and losses at the time of losing control over the invested party. Among them, if the remaining equity after disposal is accounted by the equity method, other comprehensive income and other owner's equity will be carried forward in proportion; If the remaining equity after disposal is accounted for according to the recognition and measurement standards of financial instruments, all other comprehensive income and other owners' equity will be fully carried forward.

If the Company loses its joint control or significant influence on the invested party due to the disposal of part of its equity investment, the remaining equity after disposal shall be accounted for according to the financial instrument recognition and measurement standards, and the difference between its fair value and book value on the date of loss of joint control or significant influence shall be counted to the current gains and losses. Other comprehensive income recognized for the original equity investment due to the adoption of the equity method shall be accounted for on the same basis as the invested party's direct disposal of related assets or liabilities when the equity method is terminated. The owner's equity recognized due to changes of the owner's equity in the invested party other than net gain and loss, other comprehensive income and profit distribution shall be fully carried forward to the current investment income when the equity method is terminated.

(If) the Company disposes of the equity investment to subsidiaries step by step through multiple transactions until the control right is lost, if the said transactions are deemed as a package transaction, each transaction will be treated in accounting as a transaction for disposing of the equity investment in the subsidiary and losing the control right. The difference between each disposal price and the book value of the long-term equity investment corresponding to the disposed equity before losing the control right will be recognized as

other comprehensive income first, and then, upon losing the control right, carried forward to the gains and losses of the current period of losing the control right.

14.Investment real estate

Investment real estate refers to real estate held for gaining rent or capital appreciation or both. The Company's investment real estate includes land use rights that have been leased, land use rights held and to be transferred after appreciation, and buildings that have been leased.

Investment real estate is initially measured according to the cost at the time of acquisition. Subsequent expenditures related to investment real estate are counted to the cost of investment real estate if the economic benefits related to the assets are likely to flow in and the cost can be reliably measured. Other subsequent expenditures are counted to the current gains and losses when they occur. Besides, depreciation or amortization shall be accrued on schedule by the relevant provisions regarding the fixed assets or intangible assets. Investment real estate is subsequently measured by the fair value model, without depreciation or amortization, and its book value is adjusted based on the fair value of investment real estate on the balance sheet date, and the difference between fair value and original book value is counted to current gains and losses.

15.Fixed assets and their accumulated depreciation

(1) Recognition conditions of fixed assets

The Company's fixed assets refer to tangible assets held for the production of commodities, provision of labor services, leasing or operation and management, with a service life exceeding one fiscal year.

Only when the economic benefits related to the fixed assets are likely to flow into the enterprise and the cost of the fixed assets can be reliably measured can the fixed assets be recognized.

The fixed assets of the Company are initially measured according to the actual cost at the time of acquisition.

(2) Classification and depreciation policy of fixed assets

The Company adopts the life straight-line method to accrue the depreciation. Depreciation of fixed assets begins when they reach the intended usable state, and stops when they are derecognized or classified as held-for-sale non-current assets. Without considering the provision for impairment, the Company determines the annual depreciation rate of various fixed assets according to the category, estimated service life and estimated residual value, specifically:

Category	Depreciation method	Service life (years)	Residual value rate%	Annual depreciation rate%
Houses and buildings	Life straight-line method	5 -35	0-3	2.77-20.00
Machinery equipment	Life straight-line method	5-20	0-3	4.85-20.00
Means of transport	Life straight-line method	4-15	0-3	6.47-25.00
Others	Life straight-line method	4-18	0-3	5.56-25.00
Land assets	Excluded depreciation			

Where, the depreciation rate of fixed assets for which provision for impairment has been accrued shall be

calculated and determined further by deducting the accumulated amount of provision for fixed assets impairment.

At the end of each year, the Company rechecks the service life, estimated net residual value and depreciation method of fixed assets. If the estimated service life is different from the original estimate, the service life of fixed assets shall be adjusted; If the estimated net residual value is different from the original estimate, the estimated net residual value shall be adjusted.

(3) Identification basis, valuation and depreciation method of fixed assets under financing lease

When the fixed assets leased by the Company meet one or more of the following standards, they are recognized as fixed assets under financing lease:

①The ownership of the leased assets is transferred to the Company upon expiration of the lease term.

②The Company has the option to purchase the leased assets, and the purchase price is expected to be much lower than the fair value of leased assets when exercising the option, so it can be reasonably determined that the Company will exercise this option on the lease start date.

③Even if the ownership of the assets is not transferred, the lease period accounts for most of the service life of the leased assets.

④The present value of the minimum lease payment of the Company on the lease start date is almost equal to the fair value of the leased assets on the lease start date.

⑤The leased assets are special, and only the Company can use them without major modification.

If, for the fixed assets under financing lease, it can reasonably determine that the ownership of the leased assets would be acquired upon the expiration of the lease term, depreciation shall be accrued within the serviceable life of the leased assets; If it is impossible to reasonably determine that the ownership of the leased asset can be acquired upon the expiration of the lease term, depreciation shall be accrued within the shorter period of the lease term and the serviceable life of the leased asset.

(4) Costs for overhaul

The overhaul expenses incurred by the Company during regular inspection of fixed assets shall be counted to the cost of fixed assets, and those that do not meet the recognition conditions of fixed assets shall be counted to the gains and losses of the current period. Fixed assets are depreciated as usual at regular intervals of overhauls.

16.Construction in Progress

The cost of the construction in progress of the Company is determined according to the actual expenditure of the work, including all necessary project expenditures incurred during the construction period, borrowing costs that should be capitalized before the project reaches the intended usable state, and other related expenses, etc.

Construction in progress is carried forward to fixed assets when it reaches the scheduled usable state.

17.Borrowing expenses

Borrowing expenses include borrowing interest, amortization of discount or premium, auxiliary expenses, and exchange differences arising from foreign currency borrowing. Borrowing expenses that can be directly attributed to the purchase, construction or production of assets that meet the capitalization conditions shall be capitalized at the time when (1) the asset expenditure has occurred, (2) the borrowing expenses have occurred, and (3) the purchase, construction or production activities necessary to make the assets reach the intended usable or saleable state have started; Capitalization shall be stopped when the assets being

constructed or produced that meet the capitalization conditions reach the intended usable or saleable state. Other borrowing expenses are recognized as expenses in the current period of occurrence.

The interest expenses incurred in the current period of special borrowing shall be capitalized after deducting the interest income from the unused borrowing funds deposited in the bank or the investment income from temporary investment; The capitalization amount of general borrowing is determined by multiplying the weighted average of the accumulated asset expenditure over the special borrowing by the capitalization rate of the occupied general borrowing. The capitalization rate is calculated and determined according to the weighted average interest rate of general borrowing.

During the capitalization period, all the exchange differences of foreign currency ad hoc borrowings are capitalized; Exchange differences of foreign currency general borrowings are counted to current gains and losses.

Assets eligible for capitalization refer to fixed assets, investment real estate, inventory and other assets that need to be purchased, built or produced for a long time to reach the intended usable or saleable state.

If the assets that meet the capitalization conditions are abnormally interrupted in the process of purchase, construction or production, and the continuous interruption time exceeds 3 months, the capitalization of borrowing expenses will be suspended until the purchase, construction or production activities of the assets are restarted.

18.Intangible assets

The intangible assets of the Company are initially measured at cost, and their service life is analyzed and judged when they are acquired. If the service life is limited, the intangible assets shall be amortized within the expected service life by adopting the amortization method that can reflect the expected realization mode of the economic benefits related to the assets from the time when they are available for use; If it is impossible to reliably determine the expected realization mode, it shall be amortized by straight-line method; Intangible assets with uncertain service life are not amortized.

At the end of each year, the Company rechecks the service life and amortization method of intangible assets with limited service life, adjusts the original estimate if it is different from the previous estimate, and handles the change according to the accounting estimate.

At the end of the period, if the Company expects that an intangible asset can no longer bring future economic benefits to the enterprise, all the book value of the intangible asset will be fully carried forward to the current gains and losses.

19.Expenditure on research and development

The Company divides the expenditure of internal research and development projects into research stage expenditure and development stage expenditure.

Expenditures in the research stage are counted to current gains and losses when they occur.

Expenditures in the development stage can only be capitalized if they meet the following conditions: it is technically feasible to complete the intangible assets so that they can be used or sold; Have the intention to complete the intangible assets and use or sell them; How intangible assets generate economic benefits, including those that can prove the existence of a market for the outputs produced by the intangible assets or the existence of a market for the intangible assets themselves, and that the intangible assets will be used internally, can prove their usefulness; Have sufficient technical, financial and other resources to complete the development of the intangible assets and can use or sell the intangible assets; Expenditures attributable to the development stage of the intangible assets can be measured reliably. Development expenditures that do not meet the above conditions are counted to current gains and losses.

The corresponding projects of the Company enter the development stage after meeting the above conditions

and being officially established through technical feasibility and economic feasibility study.

20.Amortization method of long-term deferred expenses

The long-term deferred expenses incurred by the Company are evaluated at actual cost and amortized equally according to the expected benefit period. For long-term deferred expense items that cannot produce benefit in future accounting periods, all their amortized values are counted to current gains and losses.

21.Impairment of long-term assets

For fixed assets, construction in progress, intangible assets with limited service life, investment real estate measured by cost model and long-term equity investment in subsidiaries, joint ventures and associated enterprises, the Company will judge whether there is any sign of impairment on the balance sheet date. If there is any sign of impairment, its recoverable amount is estimated and the impairment test conducted. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached the usable state, whether there is any sign of impairment or not, are tested for impairment every year.

If the impairment test results show that the recoverable amount of an asset is lower than its book value, the Provision for impairment shall be accrued according to the difference and counted to the impairment loss. The recoverable amount is the higher of the net amount of the fair value of the asset minus the disposal expenses and the present value of the estimated future cash flow of the asset. The fair value of assets is determined according to the sales agreement price in fair trade; If there is no sales agreement but there is an active market for the assets, the fair value shall be determined according to the buyer's bid for the assets; If there is no sales agreement or an active market for the assets, the fair value of assets shall be estimated based on the best available information. Disposal expenses include legal expenses related to asset disposal, related taxes and fees, handling fees and direct expenses incurred to make the assets marketable. The present value of the estimated future cash flow of an asset shall be determined according to the estimated future cash flow generated during the continuous use and final disposal of the asset, and the discounted amount shall be determined by selecting the appropriate discount rate. The asset impairment provision is calculated and confirmed based on individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the asset group is determined by the asset group to which the asset belongs. Asset group is the smallest asset portfolio that can generate cash inflow independently.

For goodwill listed separately in the financial statements, when carrying out an impairment test, the book value of goodwill is allocated to the asset group or combination of asset groups expected to benefit from the synergistic effect of business merger. If the test results show that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss firstly offsets the book value of goodwill allocated to the asset group or combination of asset groups, and then proportionally offsets the book value of other assets except goodwill according to the proportion of book value of other assets in the asset group or combination of asset groups.

Once the above asset impairment loss is confirmed, the part whose value has been restored will not be reversed in the later period.

22.Employee payroll

The Company's employee compensation mainly includes short-term employee remuneration, post-employment benefits, dismissal benefits and other long-term employee benefits. In which:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare, medical insurance, maternity insurance, industrial injury insurance, housing provident fund, trade union outlays, employee education funds, non-monetary welfare, etc. During the accounting period when employees provide services for the Company, the Company recognizes the actual short-term employee compensation as liabilities, which are counted to the current gains and losses or related asset costs. Among them, non-monetary benefits are measured at fair value.

Post-employment benefits mainly include setting up a contribution plan. The set contribution plan mainly includes basic endowment insurance, unemployment insurance and annuity, etc. The corresponding contribution amount is counted to the relevant asset cost or current gain and loss when it occurs.

In case of terminating the labor relations with employees before the expiration of their labor contracts, or putting forward compensation suggestions to encourage employees to voluntarily accept the layoff, the employee compensation liabilities arising from the dismissal benefits shall be recognized and accounted to the current gains and losses at the earlier of the day when the Company cannot unilaterally withdraw the dismissal benefits provided by the plan of terminating the labor relations or the layoff suggestions, and the day when the Company confirms the costs related to the reorganization involving the payment of the dismissal benefits, However, if dismissal benefits are expected not to be fully paid within 12 months after the end of the annual reporting period, they shall be treated according to other long-term employee compensation.

The same principle of dismissal benefits as above is adopted for the employees' internal retirement plan. The Company will account for the wages and social insurance premiums to be paid to the retired employees from the date when the employees stop providing services to the normal retirement date to the current gains and losses (dismissal benefits) when they meet the recognition conditions of estimated liabilities.

If other long-term employee benefits provided by the Company to employees meet the set contribution plan, accounting treatment shall be carried out according to the set contribution plan, and otherwise accounting treatment shall be carried out according to the set income plan.

23.Estimated liabilities

If the obligations related to contingencies meet the following conditions at the same time, the Company will recognize them as estimated liabilities:

A, this obligation is the current obligation undertaken by the Company;

B, the performance of this obligation is likely to lead to the outflow of economic benefits from the Company;

C, the amount of the obligation can be measured reliably.

Estimated liabilities shall be initially measured according to the best estimate of the expenditure required to fulfill relevant current obligations, and factors such as risks, uncertainties and time value of money related to contingencies shall be comprehensively considered. If the time value of money has a great influence, the best estimate is determined by discounting the related future cash outflow.

If all or part of the expenses required to pay off the confirmed estimated liabilities is expected to be compensated by a third party or another party, the compensation amount can only be recognized separately as an asset when it is confirmed that it can be received. The confirmed compensation amount shall not exceed the book value of the confirmed liabilities.

24.Share-based payment

(1) Types of share-based payment

The share-based payment of the Company is classified into share-based payment settled by equity and share-based payment settled by cash.

(2) Determination method for the fair value of equity instruments

The fair value of the granted options or other equity instruments with the active market is determined by the Company according to the quoted price in the active market. For the granted options or other equity instruments without an active market, the fair value is determined by the option pricing model.

(3) The basis for confirming the best estimate of the exercisable equity instruments

On each balance sheet date during the waiting period, the Company makes the best estimate based on the latest available follow-up information such as changes in the number of employees with vesting right and revises the estimated number of equity instruments with vesting right. On the vesting date, the final estimated number of exercisable equity instruments should be consistent with the actual number of vesting rights.

25.Preferred stocks, perpetual bonds and other financial instruments

(1) The distinction between perpetual bonds and preferred stocks

The financial instruments such as perpetual bonds and preferred stocks issued by the Company, which meet the following conditions at the same time, are regarded as equity instruments:

①The financial instrument does not include the contractual obligation to deliver cash or other financial assets to other parties, or to exchange financial assets or financial liabilities with other parties under potentially unfavorable conditions;

②For the financial instrument that needs to be settled with or can be settled with the enterprise's equity instruments in the future, if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable number of its equity instruments for settlement; and if it is a derivative instrument, the Company can only settle the financial instrument by exchanging a fixed amount of its equity instruments for a fixed amount of cash or by other financial assets.

Except for financial instruments that can be classified as equity instruments according to the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If the financial instrument issued by the Company is a compound financial instrument, it shall be recognized as liability according to the fair value of the liability component, and the amount after deducting the fair value of the liability component according to the received amount shall be recognized as "other equity instruments". The transaction cost incurred in issuing a compound financial instrument shall be shared between liability components and equity components according to their respective proportions to the total issuance price.

(2) Accounting treatment methods for perpetual bonds and preferred stocks

For financial instruments classified as financial liabilities, such as perpetual bonds and preferred stocks, the related interest, dividends, gains or losses, as well as the gains or losses arising from redemption or refinancing, are counted to the current gains and losses, except for the borrowing costs that meet the capitalization conditions (see Note IV 17 "Borrowing Expenses").

For issuance (including refinancing), repurchase, sale or cancellation of financial instruments such as perpetual bonds and preferred stocks classified as equity instruments, the Company will treat them as changes in equity, and relevant transaction costs will also be deducted from the equity. The Company's distribution to the holders of equity instruments is treated as profit distribution.

The Company does not recognize changes in the fair value of equity instruments.

26.Overburden stripping Cost for an open-cut mine

The stripping cost of surface soil stripping in open-cut mine refers to the accumulated expenditure incurred until coal seam is reached, including direct stripping cost and operating cost of machinery equipment. Such stripping costs, which can improve the future mining capacity of ore, are recognized as non-current assets (stripping assets) when meeting specific criterion, and other stripping costs are counted to production costs in the current period and carried forward to inventory.

The stripping cost for products that can improve the future mining capacity is recognized as a non-current asset only when all the following conditions are satisfied: the future economic benefits are likely to flow into the enterprise; the enterprise can identify the components of ore bodies with improved mining capacity, and

the cost of stripping activities related to this component can be reliably measured.

The assets for stripping activities shall be recognized as part of the mining assets related to them.

The assets for stripping are classified into tangible assets and intangible assets according to the nature of the existing assets they constitute. When assets for stripping and inventories cannot be identified independently, stripping costs will be allocated to assets for stripping and inventories according to the corresponding production standards.

The assets for stripping will be depreciated within the expected remaining service life of the identified ore body components related to them.

27.Costs for land subsidence rehabilitation, restoration and environmental protection

Underground mining by the Company will cause land subsidence. Usually, the Company can relocate the residents living on the mining land away from the mine before exploiting the underground mine, and compensate the residents for the losses caused by the land subsidence. According to the historical experience, the management estimates and predicts the land subsidence and the costs for restoration, reorganization and environmental protection that may occur on the currently exploited land in the future.

Given the difference between the time when the Company pays the relocation expenses and various costs for land subsidence restoration, reorganization and environmental protection and the time of exploiting the mines under the corresponding land, the difference between the prepaid land acquisition and relocation expenses related to future mining and the amount paid for the expenses withheld for land acquisition for land subsidence, indemnity, restoration and environment protection, as the result of the paid amount is less than the accrued amount, which is related to future payment, is counted as a current asset or a current liability in the financial statement.

28.Appropriative reserves

(1) Expenses for maintaining simple reproduction

According to the regulations of the Ministry of Finance, the State Administration of Coal Mine Safe Production and relevant government departments, the Company and its subsidiaries involved in the coal business in China have accrued expenses for maintaining simple reproduction according to the output of raw coal, which are used to maintain the production in mining areas and cover the costs for equipment renovation and other related expenses. The accrual standards of the related companies are as follows:

Name of the Company	Accrual standard
The Company and its subsidiaries in Shandong, Shanxi and Xinjiang in China	RMB 6/ton
The Company's subsidiaries in Inner Mongolia, Guizhou and Shaanxi in China	RMB 10.5/ton

(2) Cost for safe production

According to the regulations of the Ministry of Finance, the State Administration of Work Safety, the State Coal Safety Supervision Bureau and relevant local government departments, the Company and its subsidiaries involved in the coal business in China shall accrue the expenses for safe production according to raw coal output, which will be used for safety expenditure of coal production equipment and coal mine construction facilities. The accrual criteria of each company are as follows:

Name of the Company	Accrual standard
The Company and its subsidiaries in Shandong	RMB 15 /ton, RMB 30 /ton

Subsidiaries of the Company in Inner Mongolia and Shaanxi	RMB 15/ton
Subsidiaries of the Company in Shanxi and Xinjiang	RMB 30/ton
Subsidiaries of the Company in Guizhou	RMB 40/ton

According to "Measures for Prevention and Control of Rock Burst in Coal Mines in Shandong Province" (Order No.325 of Shandong Provincial People's Government), since September 1, 2019, coal mines with rockburst should increase the safety cost according to the safety cost withholding standard stipulated by the state, which shall be no less than RMB 15 per ton of coal. Since September 1, 2019, the Company and its subordinate coal mines having rockburst in Shandong Province additionally accrued the safety cost by RMB 15 per ton besides the state standard safety cost.

The above-accrued amount is disbursed from the costs and expenses, and the accrued and unused amount is reflected separately in the "appropriative reserve" item of owner's equity. The expenses for safe production, which belong to the routine expenditure, directly offset the appropriative reserve upon use. If the enterprise uses the withheld safety production expenses to form fixed assets, the expenditure incurred will be collected through the item of "Construction in Progress", and will be recognized as fixed assets when the safety project is completed and reaches the usable state as scheduled; At the same time, subject to the cost of forming fixed assets, the appropriative reserve is offset, and the accumulated depreciation of the same amount is recognized. The fixed assets will be no longer depreciated in future periods.

(3) Appropriative development fund for reform

According to the Notice on Establishing Appropriative Funds for Reform and Development of Provincial Key Coal Enterprises (Lu Cai Qi [2004] No.28) issued by Shandong Provincial Department of Finance, SASAC and Shandong Coal Industry Bureau, from July 1, 2004 on, the Company will accrue RMB 5 per ton of raw coal as special funds for reform and development, which is used for new mine construction and other related expenses.

According to the Notice of Shandong Provincial Department of Finance, State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government and Shandong Coal Industry Bureau on Terminating the Implementation of the Policy of Withholding Appropriative Funds for Reform and Development from Provincial Key Coal Enterprises (Lu Cai Qi [2008] No.44), since January 1, 2008, the Company has stopped accruing appropriative development funds for reform.

(4) Shanxi Province environmental governance deposit

According to the Notice of Shanxi Provincial People's Government on Printing and Distributing the Administrative Measures for Withholding and Use of Mine Environmental Restoration and Governance Deposit in Shanxi Province (Jin Zheng Fa [2007] No.41), since May 1, 2008, Shanxi Heshun Tianchi Energy Co., Ltd., a subsidiary of Yanzhou Coal Mining Company Limited ("Yanzhou Coal"), has accrued the environmental restoration and governance deposit according to the standard of RMB 10 per ton of raw coal mined. The withholding, use and management of environmental restoration and governance deposit follow the principle of "enterprise-owned, ear-marked use of the appropriative fund, deposited in special account and operation under government supervision".

According to the Notice on Printing and Distributing Measures to Further Promote the Transformation of Coal-centered Economy in the Province to Realize Sustainable Growth (Jin Zheng Fa [2013] No.26), the policy of withholding the deposit for mine environmental restoration and governance was suspended.

(5) Shanxi development funds for coal mine conversion

According to the Administrative Measures for the Withholding and Use of Development Funds for Coal Mine Conversion in Shanxi Province (Trial) (Jin Zheng Fa [2007] No.40), since May 1, 2008, Shanxi Heshun Tianchi Energy Co., Ltd., a subsidiary of Yanzhou Coal, has accrued the development funds for coal mine conversion according to the standard of RMB 5 per ton of raw coal mined.

According to the Notice on Printing and Distributing Measures to Further Promote the Transformation of Coal-centered Economy in the Province to Realize Sustainable Growth (Jin Zheng Fa [2013] No.26), the policy of withholding the development funds for coal mine conversion was suspended.

(6) General risk reserve

SHZQ Futures Co., Ltd., a subsidiary of the Company, withholds the reserve at 10% of the net profit realized in the current period.

29.Principle for recognition of income

(1) Sales of commodities

The Company confirms the realization of the sales revenue of goods when the major risks or rewards in the ownership of goods have been transferred to the purchaser, the Company has neither retained the continuous management right usually associated with the ownership nor effectively controlled the sold goods, the amount of income can be reliably measured, the related economic benefits are likely to flow into the enterprise, and the related costs that have occurred or will occur can be reliably measured.

Revenue from sales of real estate development products is confirmed when the development products are completed and accepted, a legally binding sales contract is signed, and the main risks and rewards of ownership of the development products are transferred to the purchaser, the Company has neither retained the continuous management right usually associated with ownership nor effectively controlled the sold development products, and the related costs incurred or to be incurred can be reliably measured.

(2) Providing labor services

On the condition that the result of the labor service transaction can be estimated reliably, the Company recognizes the income at the end of the period according to the completion percentage method.

If the result of the transaction of providing labor services cannot be estimated reliably, the income from providing labor services shall be recognized according to the number of labor costs that have occurred and are expected to be compensated, and the labor costs that have occurred shall be regarded as current expenses. If the labor cost already incurred cannot be compensated, the income will not be recognized.

When the contracts or agreements signed between the Company and other enterprises include selling goods and providing labor services, if the sales of goods and provision of labor services can be distinguished and measured separately, the sales of goods and provision of labor services will be treated separately; If the part of sales of goods and that of provision of labor services cannot be distinguished, or can be distinguished but cannot be measured separately, the whole contract shall be treated as sales of goods.

(3) Assignment of the right to use assets

When the economic benefits related to the assignment of the right to use assets are likely to flow in and the amount of income can be measured reliably, the Company recognizes the income.

(4) Construction contract

At the end of the period, if the result of the construction contract can be estimated reliably, the Company shall confirm the contract income and expenses on the balance sheet date according to the percentage of completion. If the result of the construction contract cannot be estimated reliably, the difference should be dealt with depending on the situation: if the contract cost can be recovered, the contract income shall be recognized according to the actual contract cost that can be recovered, and the contract cost shall be regarded as the expense in the current period when it occurred; if it is impossible to recover the contract cost, it will be regarded as an expense when it occurs, and no revenue will be recognized.

For participating in the public infrastructure construction business using build-operate-transfer (BOT), the Company shall confirm the relevant revenues and expenses for the construction services provided during the

project construction period by the Accounting Standards for Business Enterprises No.15-Construction Contracts; after the infrastructure construction is completed, the revenues and expenses related to the follow-up business services shall be recognized by Accounting Standards for Business Enterprises No.14-Revenue.

30.Government subsidy

Government subsidy refers to the monetary assets or non-monetary assets obtained by the Company from the government free of charge, excluding the capital invested by the government as an investor and enjoying the corresponding owner's equity. Government subsidies that are monetary assets shall be measured according to the amount received or receivable. If government subsidies are non-monetary assets, they shall be measured at fair value; if the fair value cannot be obtained reliably, it shall be measured according to the nominal amount. Government subsidies measured in nominal amount are directly counted to current gains and losses.

Government subsidy can only be recognized when the Company can meet the conditions attached to government subsidy and can receive a government subsidy.

Government subsidies are classified into asset-related government subsidies and income-related government subsidies. Asset-related government subsidies refer to government subsidies obtained by the Company and used for purchasing and building or forming long-term assets in other ways. Income-related government subsidies refer to government subsidies other than those related to assets.

Asset-related government subsidies are recognized as deferred revenue by the total amount method and are counted to gains and losses in phases within the service life of related assets according to a reasonable and systematic method. If related assets are sold, transferred, scrapped or damaged before the end of service life, the undistributed balance of the related deferred revenue will be carried forward to the gains and losses of the current period of asset disposal. If the confirmed government subsidies need to be returned, the book balance of related deferred revenue will be offset, and the excess will be counted to the current gains and losses.

The income-related government subsidies are directly counted to the current gains and losses when they are used to compensate the related costs or losses incurred by the Company by using the total amount method; when it is used to compensate related costs or losses in the coming periods, it is recognized as deferred revenue, which is counted to the current gains and losses during the period when the related costs or losses are recognized. For government subsidies that include both asset-related parts and income-related parts, different parts are separated for accounting treatment; if it is difficult to define, the whole is classified as an income-related government subsidy.

For government subsidies that include both asset-related parts and income-related parts, different parts are separated for accounting treatment; if it is difficult to distinguish, the whole is classified as an income-related government subsidy.

Government subsidies related to the daily activities of the Company shall be counted to other income according to the essence of economic business. Government subsidies unrelated to the Company's daily activities are counted to non-operating income and expenditure.

31.Deferred income tax assets and deferred income tax liabilities

The balance sheet liability method is used to confirm deferred income tax assets and deferred income tax liabilities for the difference between the book value of certain assets and liabilities and their tax basis, as well as the temporary difference caused by the difference between the book value of items which are not recognized as assets or liabilities but whose tax basis can be determined according to the tax law.

For the taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business merger nor affecting the accounting profits and taxable income (or deductible losses) at the time of occurrence, the related deferred income tax liabilities shall not be recognized. In addition, for taxable temporary differences related to investments in

subsidiaries, associated enterprises and joint ventures, if the Company can control the time when the temporary differences are reversed, and the temporary differences will probably not be reversed in the foreseeable future, the related deferred income tax liabilities will not be recognized. Excepting for the above circumstances, the Company recognizes the deferred income tax liabilities arising from all other taxable temporary differences.

For the deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business merger nor affecting the accounting profits and taxable income (or deductible losses) at the time of occurrence, the related deferred income tax assets shall not be recognized. In addition, for deductible temporary differences related to investments in subsidiaries, associated enterprises and joint ventures, if the temporary differences are unlikely to be reversed in the foreseeable future, or it is unlikely that taxable income used to offset the deductible temporary differences would be obtained in the future, the relevant deferred income tax assets will not be recognized. Except for the above circumstances, the Company recognizes deferred income tax assets arising from other deductible temporary differences to the extent that it is likely to obtain taxable income to offset the deductible temporary differences.

For deductible losses and tax credits that can be carried forward to later years, the corresponding deferred income tax assets are recognized to the extent that the future taxable income that can be used to offset the deductible losses and tax credits is likely to be obtained.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities shall be measured at the applicable tax rate during the expected period of recovering related assets or paying off related liabilities according to the provisions of the tax law.

On the balance sheet date, review the book value of deferred income tax assets, and write down the book value of deferred income tax assets if it is likely that no enough taxable income will be obtained to offset the benefits of deferred income tax assets in the future. When sufficient taxable income is likely to be obtained, the written-down amount shall be reversed.

32.Income taxes

Income taxes include current income tax and deferred income tax. Except for adjusted goodwill arising from the business merger, or deferred income tax related to transactions or events that are directly counted to owner's equity, they are counted to current gains and losses as income tax expenses.

Current income tax is the amount of current income tax payable calculated according to currently taxable income. Taxable income is obtained by adjusting the pre-tax accounting profit of the current year according to the relevant tax laws.

Subject to the temporary difference between the book value of assets and liabilities and the tax basis on the balance sheet date, the Company adopts the balance sheet liability method to confirm deferred income tax.

All taxable temporary differences are recognized as related deferred income tax liabilities unless the taxable temporary differences are generated in the following transactions:

A. Initial recognition of goodwill, or initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business merger, and the transaction does not affect accounting profits or taxable income when it occurs;

B. For taxable temporary differences related to investments of subsidiaries, joint ventures and associated enterprises, the time for a reversal of the temporary differences can be controlled and the temporary differences will probably not be reversed in the foreseeable future.

For deductible temporary differences that can be carried forward to the deductible losses and tax credits of the later years, the Company shall confirm the deferred income tax assets arising therefrom to the extent that it is likely to obtain the future taxable income used to offset the deductible temporary differences, deductible losses and tax credits unless the deductible temporary differences are generated in the following transactions:

A, the transaction is not a business merger, and the transaction does not affect accounting profit or taxable income;

B, for deductible temporary differences related to investments of subsidiaries, joint ventures and associated enterprises, the corresponding deferred income tax assets shall be recognized if the following conditions are met at the same time: the temporary differences are likely to be reversed in the foreseeable future, and the taxable income used to offset the deductible temporary differences are likely to be obtained in the future.

On the balance sheet date, the Company measures deferred income tax assets and deferred income tax liabilities according to the applicable tax rate during the expected period of recovering the assets or paying off the liabilities, which reflects the income tax impact of the expected manner of recovering the assets or paying off the liabilities on the balance sheet date.

On the balance sheet date, the Company rechecks the book value of deferred income tax assets. If it is unlikely that enough taxable income would be obtained in the future period to offset the benefits of deferred income tax assets, the book value of deferred income tax assets will be written down. When sufficient taxable income is likely to be obtained, the written-down amount shall be reversed.

33.Leases

The Company recognizes the leases that have substantially transferred all risks and rewards related to asset ownership as financing leases, and other leases than financing leases as operating leases.

On the start date of the lease term, the Company takes the lower of the fair value of the leased assets on the lease start date and the present value of the minimum lease payment as the entry value of the leased assets, and the minimum lease payment as the entry value of the long-term payables, with the difference as the unrecognized financing expenses.

The rent of the operating lease is counted to the cost of related assets or current gains and losses according to the straight-line method in each period of the lease term.

V.Explanation to changes in accounting policies and accounting estimates and correction of errors

(I)Accounting policy change and its influence

The Ministry of Finance issued the revised Accounting Standards for Business Enterprises No.14-Revenue in 2017 (hereinafter referred to as the "New Standard for Revenue"), and the 2020 financial statements of Shandong Xinhua Medical Equipment Co., Ltd. and Shandong Fiberglass Group Co., Ltd., subsidiaries of the Company, are prepared according to the New Standard for Revenue. According to the relevant provisions of the New Standard for Revenue, for the cumulative impact of the first implementation of the standard, the amount of retained earnings at the beginning of 2020 and other related items in the financial statements are adjusted, but the data of the comparative financial statements are not adjusted.

Compared with the original standard for revenue, the impact of implementing the new standard for revenue on related items in the 2020 financial statements is as follows:

Item	December 31, 2019	January 1, 2020	Amount of adjustment
Deferred income tax assets	7,261,245,148.75	7,288,393,669.03	27,148,520.28
Receipts in advance	16,291,845,056.74	15,087,927,529.62	-1,203,917,527.12
Contract liabilities	2,714,129,732.85	3,809,281,551.59	1,095,151,818.74
Other current liabilities	10,148,002,104.05	10,274,291,355.62	126,289,251.57
Deferred income tax liabilities	4,063,994,457.69	4,063,476,165.76	-518,291.93

Item	December 31, 2019	January 1, 2020	Amount of adjustment
Other non-current liabilities	1,087,458,408.34	1,178,847,429.11	91,389,020.77
Undistributed profits	26,899,885,419.50	26,856,110,763.32	-43,774,656.18

Except for the above changes in accounting policies, the Company had no other changes in accounting policies during the reporting period.

(II)Contents and reasons for changes in accounting estimates.

During the reporting period, there was no change in accounting estimates.

(III)Correction of previous errors and the influence thereof

1. Shandong Energy Xinwen Mining Group Hong Kong International adjusted the accounting errors in previous years due to the disposal of Hongqiao shares, increasing other payables by RMB 12,540,853.59, increasing other comprehensive income by RMB 25,041,066.41 and reducing undistributed profits of previous years by RMB 37,581,920.00.

2. Shandong Energy Xinwen Mining Group Inner Mongolia Energy adjusted the accounting errors in previous years due to insufficient provision for bad debts of Huaxin Real Estate, increasing the bad debts provision for advance payment of Huaxin Real Estate by RMB 240,000,000.00, increasing deferred income tax assets by RMB 60,000,000.00, and reducing the undistributed profits of previous years by RMB 180,000,000.00.

3. Shandong Energy Xinwen Mining Group Inner Mongolia Energy, Water and Coal Company and Liangzhuang Company adjusted the accounting errors of previous years due to insufficient provision of expenses for maintaining simple reproduction from 2016 to 2018, increasing the special reserve by RMB 26,562,907.25 and reducing the undistributed profits of previous years by RMB 26,562,907.25.

4. Shandong Energy Linyi Mining Group Linyi Huibaoling Iron Mine Co., Ltd. Fenghuangling Iron Mine Branch temporarily stopped the construction due to the influence of local policies, and the interest of RMB 147,495,375.85 during the suspension period should not be capitalized, so the construction in progress was reduced by RMB 147,495,375.85, the minority shareholders' equity reduced by RMB 3,792,738.24, and the undistributed profit reduced by RMB 143,702,637.61.

5. Shandong Energy Linyi Mining Group Australia Pty Ltd adjusted the start-up expenses during the preparation period, reducing intangible assets by RMB 32,105,440.40, management expenses by RMB 6,423,349.92 for the year 2019 and undistributed profits at the beginning of the year by RMB 25,682,090.48.

6. From October 2017 to July 2018, due to the delay in capital transfer, Zibo Mining Group Inner Mongolia Huangtaolegai Coal Co., Ltd. wrote down the depreciation by RMB 10,643,641.65. So affected, the opening amount was adjusted as follows: the accumulated depreciation increased by RMB 10,643,641.65, the tax payable decreased by RMB 1,596,546.25, the undistributed profit decreased by RMB 5,428,257.24, and the minority shareholders' equity decreased by RMB 3,618,838.16.

7. Zibo Mining Group Inner Mongolia Shuangxin Mining Co., Ltd. made up the deficit of RMB 59,157,800 for safety expenses accrued in 2017 and 2018. So affected, the opening amount was adjusted as follows: deferred income tax assets increased by RMB 8,873,670, special reserves increased by RMB 32,536,790, undistributed profits decreased by RMB 27,656,271.5, and minority shareholders' equity increased by RMB 3,993,151.50.

8. Zibo Mining Group Shandong Fangda Engineering Co., Ltd. has a receivable dividend of RMB 11,418,593.94 from Zibo Longye Real Estate Co., Ltd. from January to October 2016. On November 9, 2020, Shandong Energy Group issued the Opinions on Disposal of Current Accounts between Zibo Mining Group

and Shandong Energy Real Estate Co., Ltd. In 2020, Shandong Fangda Engineering Co., Ltd. reversed the receivable dividends by adjusting the undistributed dividends as of the beginning of the period. For the reason thereof, other receivables were reduced by RMB 11,418,593.94, and undistributed profits as of the beginning of the period were reduced by RMB 11,418,593.94.

9. In this period, Zibo Mining Group transferred its subsidiary Zibo Lingzi Thermal Power Co., Ltd. to Shandong Guohui Asset Management Co., Ltd. free of charge. On May 31, 2020, both parties signed an equity transfer agreement, which stipulated that Shandong Guohui Asset Management Co., Ltd. would transfer all the equity owned by Zibo Mining Group in the target enterprise at zero consideration. So affected, the long-term receivables were reduced by RMB 123,402,128.53 as of the beginning of the period (the book balance of long-term receivables being RMB 184,817,955.00, and the balance of bad debt provision RMB 61,415,826.47), and the undistributed profits as of the beginning of the period were reduced by RMB 123,402,128.53. This does not affect the opening amount of long-term equity investment (book balance of long-term equity investment being RMB 21,344,000.00, and impairment provision RMB 21,344,000.00).

10. On December 31, 2019, Shandong Medical Insurance Bureau and Shandong Provincial Department of Finance jointly issued the Notice on Further Regulating the Total Amount Control of Medical Insurance Funds and Payment of Medical Insurance Expenses (Lu Yi Bao Fa [2019] No.109). On January 22, 2020, Tai 'an Medical Insurance Office issued the document "Notice on Doing a Good Job of Writing down the Expenses of Reasonable Over-expenditure of Medical Insurance and Illegal Deduction and On-credit Booking of Relevant Expenses" (Tai Yi Bao Chu Han [2020] No.4). On August 30, 2019, Xintai Medical Insurance Bureau issued the document "Notice on Writing Off Medical Insurance Accounts on Credit in Previous Years by Designated Medical Institutions (Xin Yi Bao Fa [2019] No.26). On January 10, 2020, Zibo Medical Insurance Bureau issued a document on forwarding the Notice of Shandong Medical Insurance Bureau on Continuously Strengthening the Supervision of Medical Insurance Funds (Zi Yi Bao Fa [2019] No.5). The above documents require that the designated medical institutions should write off the medical receivables in time according to the relevant provisions of the Hospital Accounting System of the Ministry of Finance because of sharing the medical expenses that should be borne by the designated medical institutions, such as reasonable cost overruns and illegal deduction of expenses, instead of leaving the accounts on credit for a long time. According to the documents, the overspent medical expenses related to the previous years are treated as accounting error corrections, and the undistributed profits at the beginning of the period for each unit are adjusted as follows:

Unit	Over-expenditure amount of medical insurance in Zibo City		Over-expenditure amount of medical insurance in Zhangqiu District		Total undistributed profit reduction
	Book amount	Bad-debt provision	Book amount	Bad-debt provision	
Shandong Guoxin Healthcare Group Zibo Hospital	73,783,467.12	15,116,388.89			-58,667,078.23
Shandong Guoxin Healthcare Group Shuangshan Hospital	413,271.35	44,182.62			-369,088.73
Shandong Guoxin Healthcare Group Zhangqiu Yile Hospital			8,373,562.89	2,591,081.51	-5,782,481.38
Total	**74,196,738.47**	**15,160,571.51**	**8,373,562.89**	**2,591,081.51**	**-64,818,648.34**

11. The transactions between the subsidiary of Medical Investment Company and Shandong Xinyan Pharmaceutical Co., Ltd., which is newly included in the scope of consolidation in this period, are inconsistent, because the settlement price difference of individual drugs of the Company from 2014 to 2019 was not handled according to the provisions of the Accounting Standards for Business Enterprises, and the Company corrected the above accounting errors. The adjusted undistributed profits of each unit at the beginning of the year are as follows:

Unit	Sum
Shandong Guoxin Healthcare Group Xintai Xiezhuang Hospital	-526,473.62
Shandong Guoxin Healthcare Group Huafeng Hospital	-5,725,025.70
Shandong Guoxin Healthcare Group Xintai Zhaizhen Hospital	766,090.35
Shandong Guoxin Healthcare Group Xinwen Central Hospital	-180,021,172.21
Xinwen Mining group Laiwu Central Hospital	17,536,750.22
Shandong Guoxin Healthcare Group Xintai Suncun Hospital	-642,130.94
Total	**-168,611,961.90**

VI.Taxes

1. Main items of taxation and tax rates

Items of taxation	Tax basis	Tax rate (%)
Value-added tax	Taxable income	13,9,6
Resource tax	Sales revenue	3,3.75,4,5,6,8,9,10
Environmental protection tax	Per actual sewage discharge	RMB 1.2 to 6/pollution equivalent
Water resource tax	Per actual water intake or discharge	RMB 1 to 2.5/m^3
Urban maintenance and construction tax	Turnover tax payable	1,5,7
Surcharge for Education	Turnover tax payable	3,4,5
Corporate income tax	Taxable amount of income	15,20,25

2. Main items of taxation and tax rates applicable to the Australian subsidiary of the Company

Items of taxation	Tax basis	Tax rate%
Corporate income tax	The taxable amount of income	30
Goods and services tax	Taxable value-added	10
Resource tax	Coal sales revenue	7-8.2
Employee payroll tax-Queensland	Total wages of employees	4.75
Employee payroll Tax-New South Wales	Total wages of employees	5.45

3. Main items of taxation and tax rates applicable to other overseas subsidiaries of the Company

Region	Items of taxation	Tax basis	Tax rate%
Hong Kong	Corporate income tax	The taxable amount of income	16.5
Luxembourg	Corporate income tax	Taxable amount of income	22.5
Canada	Goods and services tax	Commodity taxable value	5
Canada	Corporate income tax	Taxable amount of income	28

Region	Items of taxation	Tax basis	Tax rate%
Singapore	Corporate income tax	Taxable amount of income	17

4. Preferential treatment in tax burden and official document of approval

(1) VAT incentives

1) The value-added tax rate of software products sold by Shandong Xinkuang Information Technology Co., Ltd., a subsidiary of Xinwen Mining Group, is 13%. According to the relevant regulations in the Notice of the Ministry of Finance and State Taxation Administration of the People's Republic of China on the Value-added Tax Policy for Software Products (Cai Shui [2011] No.100), after the value-added tax is levied at the rate of 13%, the tax levied to software products sold by the Company will be refunded immediately if the actual value-added tax burden exceeds 3%.

2) Zaozhuang Mining (Group) Jiangzhuang Coal Gangue Thermal Power Co., Ltd. and Zaozhuang Mining (Group) Fucun Coal Gangue Thermal Power Co., Ltd. are all enterprises that use coal gangues to generate electricity, which is in line with the provisions in the notice of Caishui [2015] No.78 issued by the Ministry of Finance and State Taxation Administration of the People's Republic of China on June 12, 2015 concerning the preferential catalogue of value-added tax for products and services made or provided by comprehensive utilization of resources, namely "electricity and heat produced with coal gangues, coal slime, stone coal and oil shale as fuels, and the proportion of coal gangue, coal slime, stone coal and oil shale in power generation fuel is not less than 60.00%, and it (also) meets the technical requirements specified in Emission Standards for Air Pollutants in Thermal Power Plants (GB13223—2011) and Evaluation Index System for Cleaner Production in Electric Power Industry (Coal-fired Power Generation Enterprises) issued by National Development and Reform Commission, Ministry of Environmental Protection and Ministry of Industry and Information Technology", which means that the enterprises may enjoy the immediate VAT refund policy of 50.00%.

3) Xin Barag Youqi Qingsheng Thermal Power Co., Ltd., a subsidiary of Zaozhuang Mining Group, is a thermal power producer. According to the Notice on Continued Preferential Policies of Value-added Tax, Property Tax and Urban Land Use Tax for Heating Enterprises issued by the Ministry of Finance and State Taxation Administration of the People's Republic of China (Cai Shui [2019] No.38), from January 1, 2019 to the end of the heating season in 2020, the income from the heating fee charged by heating enterprises to individual residents (hereinafter referred to as residents) will be exempted from value-added tax. Heating fee income exempted from VAT shall be accounted for separately according to Article 16 of the Provisional Regulations of the People's Republic of China on VAT. A thermal product producer that supplies heat to residents through a thermal product operator shall calculate the exempted value-added tax according to the proportion of the heating fee income obtained by the thermal product operator from residents to the total heating fee income of the operator.

4) In respect to Yishui County Thermal Power Co., Ltd., a subsidiary of Linyi Mining Group, according to the Notice on Continued Preferential Policies of Value-added Tax, Property Tax and Urban Land Use Tax for Heating Enterprises issued by the Ministry of Finance and State Taxation Administration of the People's Republic of China (Cai Shui [2019] No.38), from January 1, 2019 to the end of the heating season in 2020, the income from the heating fee charged by heating enterprises to individual residents (hereinafter referred to as residents) will be exempted from value-added tax. Heating fee income exempted from VAT shall be accounted for separately according to Article 16 of the Provisional Regulations of the People's Republic of China on VAT. A thermal product producer that supplies heat to residents through a thermal product operator shall calculate the exempted value-added tax according to the proportion of the heating fee income obtained by the thermal product operator from residents to the total heating fee income of the operator.

5) In respect to Shandong Dongshan Gucheng Coal Mine Co., Ltd., a subsidiary of Linyi Mining Group, according to the notice of the Ministry of Finance and State Taxation Administration of the People's Republic of China on printing and distributing the Catalogue of Preferential Value-added Tax on Products and Services for Comprehensive Utilization of Resources (Cai Shui [2015] No.78), the practice of comprehensive utilization of resources in the power plants allows the Company to enjoy the policy of immediate refunding

of value-added tax on products and services.

6) In respect to Laizhou Longtai Thermal Power Co., Ltd., Qingdao Longfa Thermal Power Co., Ltd. and Haiyang Longfeng Thermal Power Co., Ltd. under the Longkou Mining Group, according to the Notice on Continued Preferential Policies of Value-added Tax, Property Tax and Urban Land Use Tax for Heating Enterprises issued by the Ministry of Finance and State Taxation Administration of the People's Republic of China (Cai Shui [2019] No.38), from January 1, 2019 to the end of the heating season in 2020, the income from the heating fee charged by heating enterprises to individual residents (hereinafter referred to as residents) will be exempted from value-added tax. Heating fee income exempted from VAT shall be accounted for separately according to Article 16 of the Provisional Regulations of the People's Republic of China on VAT. A thermal product producer that supplies heat to residents through a thermal product operator shall calculate the exempted value-added tax according to the proportion of the heating fee income obtained by the thermal product operator from residents to the total heating fee income of the operator.

7) According to the notice of the Ministry of Finance and State Taxation Administration of the People's Republic of China on printing and distributing the Catalogue of Preferential Value-added Tax on Products and Services for Comprehensive Utilization of Resources (Cai Shui [2015] No.78), Shandong Huaju Energy Co., Ltd. enjoys the policy of 50% refund of the value-added tax.

According to the Announcement of the Ministry of Finance, the State Taxation Administration of the People's Republic of China and the General Administration of Customs on Policies Concerning Deepening VAT Reform (Announcement No.39 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs in 2019), from April 1, 2019 to December 31, 2021, taxpayers in the production and living service industries are allowed to add 10% of the deductible input tax in the current period to offset the taxable amount.

8) Xinfengguang Electronic Technology Co., Ltd. passed the certification for "software enterprise and software products" on October 29, 2013 according to the Notice of the Ministry of Finance and State Taxation Administration of the People's Republic of China on the VAT Policy of Software Products (Cai Shui [2011] No.100). Ever since 2014, Xinfengguang Electronic Technology Co., Ltd., as an ordinary VAT taxpayer, has sold self-developed software products. After levying VAT at a rate of 13%, the actual tax burden on VAT has exceeded 3%, and the excess is refunded immediately upon levying.

(2) Resource tax incentives

1) According to the Notice of the Ministry of Finance and State Taxation Administration of the People's Republic of China on Implementing the Reform of Coal Resource Tax (Cai Shui [2014] No.72), the resource tax for the coal exploited by coal mines in depletion period is reduced by 30%. Coal mines in depletion period refer to coal mines whose remaining recoverable reserves have dropped below 20% (inclusive) of the original design recoverable reserves, or whose remaining service life does not exceed 5 years. Nantun Coal Mine, Baodian Coal Mine, Xinglongzhuang Coal Mine and Jidong No.2 Coal Mine of Yanzhou Coal, a subsidiary of the Company, have been enjoying this preferential treatment ever since 2015. Yangcun Coal Mine started to enjoy this discount in 2017.

2) Feicheng Mining and Feikuang Coal Company, subsidiaries of the Company, enjoy the preferential policy of "30% reduction of resource tax for mineral resources exploited in depleted mines with the actual mining life of more than 15 years" in the Notice of the Ministry of Finance and State Taxation Administration of the People's Republic of China on Specific Policy Issues of Resource Tax Reform (Cai Shui [2016] No.54).

(3) Preference of Corporate income tax

1) Ordos Zhuanlongwan Coal Co., Ltd. and Inner Mongolia Rongxin Chemical Co., Ltd. (the latter is also a high-tech enterprise, for whom the preferential policies for Western China development are chosen when filing Corporate income tax), Yanzhou Coal Yulin Energy & Chemical Co., Ltd. and Shaanxi Future Energy & Chemical Co., Ltd. comply with preferential policies for encouraging industries in Western China development as stipulated in Several Opinions of the Central Committee of the Communist Party of China and the State Council on Deeply Implementing the Strategy for Western China Development (Zhongfa [2010]

No.11), Announcement on Deeply Implementing the Strategy for Western China Development (State Taxation Administration of The People's Republic of China Announcement No.12, 2012) and other relevant documents

2) In respect to Zoucheng Yankuang Beisheng Industry & Trade Co., Ltd., according to the Notice of the Ministry of Finance and State Taxation Administration of The People's Republic of China's on Implementing Inclusive Tax Reduction Policy for Small and Micro Enterprises" (Cai Shui [2019] No.13), for the part with its annual taxable income not exceeding RMB 1 million, the taxable income is written down by 25%, and the Corporate income tax is paid at 20%; for the part with annual taxable income exceeding RMB 1 million but not exceeding RMB 3 million, the taxable income is written down by 50%, and the Corporate income tax shall be paid at 20%.

3) Yankuang Donghua Heavy Industry Co., Ltd., Yankuang Group Zoucheng Jintong Rubber Co., Ltd., Yanzhou Dongfang Electromechanical Co., Ltd., Shandong Yankuang Group Changlong Cable Manufacturing Co., Ltd., Yankuang Group Tangcun Industrial Co., Ltd., Yankuang Yulin Fine Chemical Co., Ltd. and Yankuang Lunan Chemical Co., Ltd. have been recognized as high-tech enterprises, which is in line with the relevant issues of the Notice of the State Taxation Administration of the People's Republic of China on Implementing Preferential Income Tax for High-tech Enterprises (Guoshuihan [2009] No.203), where the Corporate income tax rate of 15% is applicable.

4) Duanxin Supply Chain (Shenzhen) Co., Ltd. collects Corporate income tax at a reduced rate of 15% for encouraging industrial enterprises located in Hengqin New District, Pingtan Comprehensive Experimental Zone and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone according to the Notice of Ministry of Finance and State Taxation Administration of the People's Republic of China on Preferential Policies and Catalogue of Corporate income tax (Cai Shui [2014] No.26).

5) Yankuang (Hainan) Smart Logistics Technology Co., Ltd. collects Corporate income tax at a reduced rate of 15% for encouraging industrial enterprises registered and substantially operating in Hainan Free Trade Port according to the Notice of the Ministry of Finance and State Taxation Administration of the People's Republic of China on Preferential Policies for Corporate income tax in Hainan Free Trade Port (Cai Shui [2020] No.31).

6) Shandong Yankuang Guotuo Technology Engineering Co., Ltd. was recognized as a high-tech enterprise according to the Notice on Identifying 2064 Enterprises including Shandong Beidou Huachen Navigation Technology Co., Ltd. as the Second Batch of High-tech Enterprises in 2018 jointly issued by Shandong Science and Technology Department, Shandong Provincial Department of Finance and Shandong Provincial Taxation Bureau on February 22, 2019, with certificate number GR201837001127, date of certificate issuance November 30, 2018, and the qualification valid for 3 years from November 30, 2018 to November 30, 2021. It meets the requirements of the Notice of State Taxation Administration of the People's Republic of China on Issues Concerning the Implementation of Income Tax Preferential for High-tech Enterprises (Guoshuihan [2009] No.203), and the Corporate income tax will be paid at a reduced rate of 15%.

7) On November 29, 2018, Beidou Tiandi Co., Ltd. was recognized as a high-tech enterprise by Shaanxi Provincial Department of Science and Technology, Shaanxi Provincial Department of Finance and the Shaanxi Provincial Taxation Bureau of State Taxation Administration, with the certificate number GR201861001390 and the qualification valid for 3 years, which is in line with the provisions of the State Taxation Administration's Announcement on Issues Related to the Implementation of Preferential Policies for Income Tax of High-tech Enterprises" (State Taxation Administration Announcement No.24, 2017), and eligible to pay the Corporate income tax at a reduced tax rate of 15%.

8) According to official document Lu Kezi [2017] No.14, Yankuang Technology Co., Ltd. was recognized as a high-tech enterprise, with the certificate number GR201637000132, date of issuance December 15, 2016 and the qualification valid for 3 years from December 15, 2016 to December 14, 2019, which is in line with the provisions in the "Notice of State Taxation Administration of The People's Republic of China on Issues Concerning the Implementation of Income Tax Preferential for High-tech Enterprises", and eligible to pay the Corporate income tax at a reduced tax rate of 15%.

9) According to Article 28, Paragraph 2, Order No.63 of the President of the People's Republic of China for the Corporate income tax Law of the People's Republic of China, and as approved by the State Taxation Bureau of Tengzhou City, Shandong Province, Luhua Well Sunshine Ecotypic Fertilizer Co., Ltd. is recognized as a high-tech enterprise that deserves key support from the state, and the Corporate income tax is levied at a reduced rate of 15%. The period is from August 16, 2018 to August 15, 2021.

10) According to the official documents Guokefahuo [2016] No.32 and Guokefahuo [2016] No.195, Yankuang Coal Water Slurry Gasification and Coal Chemical National Engineering Research Center Co., Ltd. was recognized as a high-tech enterprise, with the certificate number GR201737001976, the issuing time December 28, 2017, and the qualification valid for 3 years from December 28, 2017 to December 2020, which complies with the requirements of the Notice of State Taxation Administration of the People's Republic of China on Issues Concerning the Implementation of Income Tax Preferential Treatment for High-tech Enterprises (Guoshuihan [2009] No.203), and is eligible to pay the Corporate income tax at a reduced tax rate of 15%.

11) On January 22, 2020, the Office of the National Leading Group for the Certification and Management of High-tech Enterprises issued the "Reply on Filing of the First Batch of High-tech Enterprises in Shandong Province in 2019" (Guokehuozi [2020] No.36), where Shandong Yankuang Design Consulting Co., Ltd. was recognized as a high-tech enterprise with certificate number GR201937002256, the issuance date November 28, 2019, and the qualification valid for 3 years, and is eligible to pay the Corporate income tax at a reduced tax rate of 15%.

12) According to the relevant regulations of Guokefahuo [2016] No.32 and Guokefahuo [2016] No.195, Beijing Tanchuang Resources Technology Co., Ltd. was recognized as a high-tech enterprise and obtained the "High-tech Enterprise Certificate" jointly approved by Beijing Science and Technology Commission, Beijing Municipal Finance Bureau and Beijing Taxation Bureau of State Taxation Administration on October 15, 2019, with certificate No. GR201911003183, qualification valid for 3 years, and is eligible to pay the Corporate income tax at a reduced tax rate of 15%.

13) According to Article 28, Paragraph 2, Order No.63 of the President of the People's Republic of China for the Corporate income tax Law of the People's Republic of China, and as approved by Shandong Science and Technology Department, Yankuang Guohong Chemical Co., Ltd. is recognized as a high-tech enterprise that deserves key support from the state, and the Corporate income tax is levied at a reduced rate of 15%. The period is from November 30, 2018 to November 30, 2021.

14) Xinfengguang Electronic Technology Co., Ltd., as a high-tech enterprise, pays Corporate income tax at a reduced rate of 15% according to the Notice of State Taxation Administration of the People's Republic of China on Relevant Issues Concerning the Implementation of Preferential Policies for Income Tax of High-tech Enterprises (Guoshuihan [2009] No.203) and continues to enjoy relevant preferential policies after re-certification in 2015.

15) According to the notice of the Ministry of Finance and the State Taxation Administration of the People's Republic of China on the Value-added Tax Policy for Software Products (Caishui [2011] No.100), the refunded value-added tax obtained by Shandong Xinwen Mining Information Technology Co., Ltd. shall be used exclusively by the enterprise for software product research and development and expanding reproduction, and shall be accounted for separately, which can be regarded as non-taxable income and deducted from the total income when calculating the taxable income. According to the Notice of the Ministry of Finance, Ministry of Science and Technology, the State Taxation Administration of the People's Republic of China on Improving the Pre-tax Deduction Ratio of R&D Expenses of Technology-based SMEs (Cai Shui [2017] No.34), if the actual R&D expenses incurred by technology-based SMEs in R&D activities have not formed intangible assets, and if they are counted to the current gains and losses, they will be deducted according to the regulations. On top of that, for the period from January 1, 2020 to December 31, 2023, they will be subject to weighted deduction before tax at 75% of the actual amount incurred. If intangible assets are formed, they will be amortized before tax at 175% of the cost of intangible assets during the above period. Shandong Xinwen Mining Information Technology Co., Ltd. has passed the certification of technology-based SME (Certificate No. KJR20167111).

16) Binxian Shuiliandong Coal Co., Ltd. obtained the high-tech enterprise certificate numbered GR201961000413 on November 7, 2019 with the approval of Shaanxi Provincial Science and Technology Department, Shaanxi Provincial Finance Department and State Taxation Administration Shaanxi Provincial Taxation Bureau, which is valid for 3 years. During the reporting period, the Corporate income tax is subject to a preferential tax rate of 15%.

17) On August 16, 2018, Shandong Huakun Geological Engineering Co., Ltd. obtained the high-tech enterprise certificate numbered GR201837000237 jointly issued by Shandong Provincial Science and Technology Department, Shandong Provincial Finance Department and State Taxation Administration Shandong Provincial Taxation Bureau, which is valid for 3 years. According to the Corporate income tax Law of the People's Republic of China and its relevant policies, the Company enjoys the relevant preferential policies of the state on high-tech enterprises and pays Corporate income tax at a reduced rate of 15% for the year 2018, 2019 and 2020.

18) Inner Mongolia Hengkun Chemical Co., Ltd. obtained the certificate of high-tech enterprise numbered GR201815000181 approved and issued by the Science and Technology Department of Inner Mongolia Autonomous Region, Finance Department of Inner Mongolia Autonomous Region and State Taxation Administration Inner Mongolia Taxation Bureau on December 3, 2018. The certificate is valid for 3 years, allowing the certificate holder to enjoy relevant preferential policies of the state on high-tech enterprises with a preferential tax rate of 15% applies.

19) Inner Mongolia Fucheng Mining Co., Ltd. obtained the certificate of high-tech enterprise numbered GR201715000175 jointly issued by Science and Technology Department of Inner Mongolia Autonomous Region, Finance Department of Inner Mongolia Autonomous Region, State Taxation Bureau of Inner Mongolia Autonomous Region and Local Taxation Bureau of Inner Mongolia Autonomous Region on December 11, 2017, which is valid for three years. According to the Corporate income tax Law of the People's Republic of China and its relevant policies, the Company enjoys the relevant preferential policies of the state on high-tech enterprises and pays Corporate income tax at a reduced rate of 15% for the year 2018, 2019 and 2020.

20) Jungar Banner Jinzhengtai Coal Co., Ltd. enjoys the preferential treatment of the national "Tax Policy for Western China Development", and the Corporate income tax rate is 15%.

21) Shaanxi Changwu Tingnan Coal Mining Co., Ltd., Inner Mongolia Shuangxin Mining Co., Ltd. and Inner Mongolia Huangtaolegai Coal Co., Ltd. enjoy the preferential tax policy related to the development of the western region, and the Corporate income tax rate is 15%.

22) Taixing Company, a subsidiary of Xinsheng Industrial Co., Ltd., obtained the high-tech enterprise certificate on December 28, 2017 after re-evaluation. The certificate number is GR201737001751, and the validity period is 3 years. During the reporting period, the Company paid Corporate income tax at a reduced rate of 15%.

23) As for Shandong Fiberglass Group Co., Ltd., the Office of the National Leading Group for the Certification and Management of High-tech Enterprises publicized on November 30, 2018 the Notice on Publicizing the List of the Second Batch of High-tech Enterprises to be Certified in Shandong Province in 2018, and Shandong Fiberglass Group Co., Ltd. was among the second batch of high-tech enterprises to be certified. During the reporting period, the Corporate income tax is subject to a preferential tax rate of 15%.

24) The income tax of Gucheng Coal Mine Safety Technology Training Center is reduced by 50% into the taxable income with the Corporate income tax paid at 20%: according to State Taxation Administration of the People's Republic of China Announcement No.2, 2019, from January 1, 2019 to December 31, 2021, the part for small-scale and low-profit enterprise with annual taxable income not exceeding RMB 1 million is reduced by 25% for the taxable income, and the enterprise pays the Corporate income tax at 20%, while the part with annual taxable income exceeding RMB 1 million but not exceeding RMB 3 million is reduced by 50% for the taxable income, and the Corporate income tax is paid at 20%.

25) Shandong Energy Heavy Equipment Group Laiwu Equipment Manufacturing Co., Ltd. obtained the high-

tech enterprise certificate on December 28, 2017 numbered GR201737001381 with qualification valid for 3 years. According to Article 28 of the Corporate income tax Law of the People's Republic of China and the Notice of State Taxation Administration of the People's Republic of China on Relevant Issues Concerning the Implementation of Preferential Income Tax for High-tech Enterprises (Guoshuihan [2009] No.203), the Corporate income tax is levied at a reduced rate of 15%.

26) Shandong Energy Heavy Equipment Group Dazu Remanufacturing Co., Ltd. obtained the high-tech enterprise certificate numbered GR201637000188 on December 15, 2016, and the enterprise applied for and obtained the high-tech enterprise certificate again in November 2019, which is numbered GR201937001241 and valid for three years. According to Article 28 of the Corporate income tax Law of the People's Republic of China and the Notice of State Taxation Administration of the People's Republic of China on Relevant Issues Concerning the Implementation of Preferential Income Tax for High-tech Enterprises (Guoshuihan [2009] No.203), the Corporate income tax is levied at a reduced rate of 15%.

27) Shandong Energy Heavy Equipment Group Luzhong Equipment Manufacturing Co., Ltd. obtained the high-tech enterprise certificate on December 28, 2017 numbered GR201737000351 with qualification valid for 3 years. According to Article 28 of the Corporate income tax Law of the People's Republic of China and the Notice of State Taxation Administration of the People's Republic of China on Relevant Issues Concerning the Implementation of Preferential Income Tax for High-tech Enterprises (Guoshuihan [2009] No.203), the Corporate income tax is levied at a reduced rate of 15%.

28) Energy Heavy Equipment Group obtained the high-tech enterprise certificate on November 30, 2018 numbered GR201837001371 with qualification valid for 3 years. According to Article 28 of the Corporate income tax Law of the People's Republic of China and the Notice of State Taxation Administration of the People's Republic of China on Relevant Issues Concerning the Implementation of Preferential Income Tax for High-tech Enterprises (Guoshuihan [2009] No.203), the Corporate income tax is levied at a reduced rate of 15%.

29) As a high-tech enterprise certified according to the Administrative Measures for the Certification of High-tech Enterprises and the High-tech Fields Supported by the State jointly promulgated by the Ministry of Science and Technology, the Ministry of Finance and State Taxation Administration of the People's Republic of China in April 2008, Qingdao Long Heating Power Co., Ltd. is eligible to apply for preferential tax treatment by the new Enterprise Income Tax Law and its Implementation Regulations implemented from January 1, 2008, the Law of the People's Republic of China on Tax Collection and Administration and the Detailed Rules for the Implementation of the Law of the People's Republic of China on Tax Collection and Administration, i.e. paying the Corporate income tax at the rate of 15%. On September 19, 2017, Qingdao Longfa Thermal Power Co., Ltd. obtained the high-tech enterprise certificate (Certificate No.: GR201737100081) jointly issued by Qingdao Science and Technology Bureau, Qingdao Finance Bureau, Qingdao State Taxation Bureau and Qingdao Local Taxation Bureau, which is valid for three years.

30) Longkou Longhua Design Co., Ltd. and Longkou Bay Hotel Management Co., Ltd. enjoy preferential income tax for small-scale and low-profit enterprises this year: According to the Notice on Further Expanding the Scope of Preferential Income Tax Policies for Small-scale and Low-profit Enterprises issued by the Ministry of Finance and State Taxation Administration of the People's Republic of China on July 11, 2018 (Cai Shui [2018] No.77), from January 1, 2018 to December 31, 2020, the ceiling of the annual taxable income of small-scale and low-profit enterprises will be raised from RMB 500,000 to RMB 1 million. For small-scale and low-profit enterprises whose annual taxable income is less than RMB 1 million (inclusive), the income will be reduced by 50% for the taxable income, and the Corporate income tax will be paid at 20%.

31) Xinhua Medical Service was re-recognized as a high-tech enterprise in 2020, and obtained a high-tech enterprise certificate dated December 8, 2020, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

32) Shandong Xinhua Medical Environmental Protection Equipment Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2018, and obtained a high-tech enterprise certificate dated July 6, 2018, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

33) Changchun Boxun Biotechnology Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2019, and obtained a high-tech enterprise certificate dated September 2, 2019, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

34) Shanghai Yuanyue Pharmaceutical Machinery Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2020, and obtained a high-tech enterprise certificate dated November 12, 2020, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

35) Suzhou Zheyuan Automation Engineering Technology Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2019, and obtained a high-tech enterprise certificate dated November 22, 2019, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

36) Chengdu Yingde Biomedical Equipment Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2020, and obtained a high-tech enterprise certificate dated September 11, 2020, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

37) In respect to Linyi Shanneng New Energy Co., Ltd., a subsidiary of Linyi Mining Group, and Shandong Linkuang Property Services Co., Ltd., a subsidiary of Shanneng Real Estate Co., Ltd., according to the Notice on Expanding the Scope of Preferential Income Tax Policies for Small-scale and Low-profit Enterprises issued by the Ministry of Finance and State Taxation Administration of the People's Republic of China on June 6, 2017 (Cai Shui [2017] No.43), from January 1, 2017 to December 31, 2019, the ceiling of the annual taxable income of small-scale and low-profit enterprises will be raised from RMB 300,000 to RMB 500,000. For small-scale and low-profit enterprises whose annual taxable income is less than RMB 500,000 (inclusive), the income will be reduced by 50% for the taxable income, and the Corporate income tax will be paid at 20%.

38) On January 15, 2021, the Office of the National Leading Group for the Certification and Management of High-tech Enterprises issued the Reply on the Filing of the Second Batch of High-tech Enterprises in Shandong Province in 2020 (Guokehuozi [2021] No.25), and Shandong Qiuji Coal Mine Co., Ltd., a subsidiary of Linyi Mining Group, obtained the high-tech enterprise certificate numbered GR202037003241 with the qualification valid for 3 years, and is eligible to enjoy the preferential tax treatment of Corporate income tax levied at 15% from 2020 to 2022.

39) In respect to Longkou Longhua Design Co., Ltd., a subsidiary of Longkou Mining Group, and Inner Mongolia Shenglu Power Sales Co., Ltd., a subsidiary of Shenglu Energy and Chemical, according to the Notice on Further Expanding the Scope of Preferential Income Tax Policies for Small-scale and Low-profit Enterprises issued by the Ministry of Finance and State Taxation Administration of the People's Republic of China on July 11, 2018 (Cai Shui [2018] No.77), from January 1, 2018 to December 31, 2020, the ceiling of the annual taxable income of small-scale and low-profit enterprises will be raised from RMB 500,000 to RMB 1 million. For small-scale and low-profit enterprises whose annual taxable income is less than RMB 1 million (inclusive), the income will be reduced by 50% for the taxable income, and the Corporate income tax will be paid at 20%.

40) Xinhua Medical Service was re-recognized as a high-tech enterprise in 2020, and obtained a high-tech enterprise certificate dated December 8, 2020, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%. 。

41) Shandong Xinhua Medical Environmental Protection Equipment Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2018, and obtained a high-tech enterprise certificate dated July 6, 2018, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

42) Changchun Boxun Biotechnology Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2019, and obtained a high-tech enterprise certificate dated September 2, 2019, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

43) Shanghai Yuanyue Pharmaceutical Machinery Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2020, and obtained a high-tech enterprise certificate dated November 12, 2020, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

44) Suzhou Zheyuan Automation Engineering Technology Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2019, and obtained a high-tech enterprise certificate dated November 22, 2019, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

45) Chengdu Yingde Biomedical Equipment Co., Ltd., a subsidiary of Xinhua Medical, was re-recognized as a high-tech enterprise in 2020, and obtained a high-tech enterprise certificate dated September 11, 2020, with qualification valid for 3 years. In 2020, the Corporate income tax is calculated and paid at a rate of 15%.

46) According to the second paragraph of Article 27 of Order No.63 of the President of the People's Republic of China for the Corporate income tax Law of the People's Republic of China, the income from investment and operation of public infrastructure projects supported by the state can be exempted from or reduced for Corporate income tax. The preferential period is from January 1, 2020 to December 31, 2020.

VII.Business Merger and Consolidated Financial Statements

(I) Basic situation of the subsidiary enterprises

Serial number	Enterprise name	Grade	Place of registration	Business nature	Paid-in capital (in RMB 10,000)	Shareholding (%)	Voting rights enjoyed (%)
1	Yanzhou Coal Mining Company Limited	2	Zoucheng	Coal mining	486,000.00	56.01	56.01
2	Xinwen Mining Group Co., Ltd.	2	Xintai	Coal mining	435,600.97	82.17	82.17
3	Zaozhuang Mining (Group) Co., Ltd.	2	Zaozhuang	Coal mining	695,297.65	95.39	95.39
4	Zibo Mining Group Co., Ltd.	2	Zibo	Coal mining	161,655.67	100.00	100.00
5	Feicheng Mining Group Co., Ltd.	2	Feicheng	Coal mining	109,000.00	100.00	100.00
6	Linyi Mining Group Co., Ltd.	2	Linyi	Coal mining	464,723.91	81.09	81.09
7	Longkou Mining Group Co., Ltd.	2	Longkou	Coal mining	270,378.10	100.00	100.00
8	Shandong Energy International Trading Co., Ltd.	2	Jinan	Wholesale and retail	30,000.00	100.00	100.00
9	Shandong Energy International Logistics Co., Ltd.	2	Jinan	Logistics service	30,000.00	100.00	100.00
10	Shandong Energy Group Guizhou Mining Co., Ltd.	2	Guiyang	Coal mining	200,000.00	100.00	100.00
11	Shandong Energy Group Inner Mongolia Shenglu Energy & Chemical Co., Ltd.	2	Ordos	Investment and management of energy and chemical industry	196,000.00	100.00	100.00

Serial number	Enterprise name	Grade	Place of registration	Business nature	Paid-in capital (in RMB 10,000)	Shareholding (%)	Voting rights enjoyed (%)
12	Shandong Energy Group Finance Co., Ltd.	2	Jinan	Financial service	300,000.00	98.00	98.00
13	Shandong Energy Electric Power Sales Co., Ltd.	2	Jinan	Production of electricity and heat	51,201.41	100.00	100.00
14	Shandong Energy Group Chuangyuan Investment Co., Ltd.	2	Jinan	Investment services	100,000.00	100.00	100.00
15	Feicheng Feikuang Coal Mining Co., Ltd.	2	Feicheng	Coal mining	50,000.00	100.00	100.00
16	Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd.	2	Tai ' an	Equipment manufacturing	290,880.85	100.00	100.00
17	Shandong Guoxin Healthcare Health Industry Development Group Co., Ltd.	2	Jinan	Health consultation	1,028,083.60	59.82	59.82
18	Shandong Energy Group Coal Marketing Co., Ltd.	2	Jinan	Coal sales	50,000.00	100.00	100.00
19	Shandong Energy Haizhuang Wind Power Co., Ltd.	2	Jinan	Electricity and heat supply	10,000.00	55.00	55.00
20	Shandong Energy Group Technology Development Co., Ltd.	2	Jinan	Technology promotion and application services		100.00	100.00
21	Shandong Energy Group Information Technology Co., Ltd.	2	Jinan	Software and information technology services		100.00	100.00

Serial number	Enterprise name	Grade	Place of registration	Business nature	Paid-in capital (in RMB 10,000)	Shareholding (%)	Voting rights enjoyed (%)
22	Shandong Energy Coal Mining Co., Ltd.	2	Jinan	Coal mining and processing	1,000.00	100.00	100.00
23	Shandong Energy Building Shanghai Co., Ltd.	2	Shanghai	Service sector	10,000.00	100.00	100.00
24	Zoucheng Shuangye Industry & Trade Co., Ltd.	2	Zoucheng	Manufacture	500.00	100.00	100.00
25	Zoucheng Mining Area Pawn Co., Ltd.	2	Zoucheng	Pawn	1,000.00	100.00	100.00
26	Zhongyin Products Co., Ltd.	2	Shanghai	Commerce	10,000.00	100.00	100.00
27	Zhongyin Financing (Shanghai) International Trading Co., Ltd.	2	Shanghai	International trade	20,000.00	100.00	100.00
28	Yanzhou Mining Xinjiang Energy & Chemical Co., Ltd.	2	Urumqi	Coal mining	300,000.00	100.00	100.00
29	Yankuang Coal Water Slurry Gasification and Coal Chemical National Engineering Research Center Co., Ltd.	2	Jinan	Technology development and transfer	10,000.00	100.00	100.00
30	Yankuang Electricity Sales Co., Ltd.	2	Zoucheng	Electric power supply	12,000.00	100.00	100.00
31	Yankuang Coal Chemical Engineering Co., Ltd.	2	Zoucheng	Construction and installation	13,028.62	100.00	100.00

Serial number	Enterprise name	Grade	Place of registration	Business nature	Paid-in capital (in RMB 10,000)	Shareholding (%)	Voting rights enjoyed (%)
32	Yankuang Technology Co., Ltd.	2	Jinan	Technology promotion and application service industry	10,000.00	100.00	100.00
33	Yankuang Group Boyang Foreign Economics &Trade Co., Ltd.	2	Zoucheng	Trade agent	3,000.00	100.00	100.00
34	Yankuang Group (Hong Kong) Co., Ltd.	2	Hong Kong	Investment management	597.82	100.00	100.00
35	Yankuang Overseas Energy Development Co., Ltd.	2	Shanghai	Metallic mineral wholesales	5,000.00	100.00	100.00
36	Yankuang Guohong Chemical Industry Co., Ltd.	2	Zoucheng	Chemical industry	277,319.26	99.58	99.58
37	Yankuang Donghua Construction Co., Ltd.	2	Zoucheng	Construction and installation industry	290,000.00	100.00	100.00
38	Yankuang Donghua Group Co., Ltd.	2	Zoucheng	Production and installation	290,000.00	100.00	100.00
39	SHZQ Futures Co., Ltd.	2	Shanghai	Futures market service	120,000.00	100.00	100.00
40	Shanghai Yankuang Energy Technology Research and Development Co., Ltd.	2	Shanghai	Technology research and development	100.00	80.00	80.00
41	Shandong Yankuang Light Alloy Co., Ltd.	2	Zoucheng	Aluminum rolling processing	368,700.00	100.00	100.00
42	Shandong Yankuang International Coking Co., Ltd.	2	Yanzhou	Chemical industry	393,000.00	50.00	50.00

Serial number	Enterprise name	Grade	Place of registration	Business nature	Paid-in capital (in RMB 10,000)	Shareholding (%)	Voting rights enjoyed (%)
43	Shandong Antai Chemical Industry Pressure Vessel Inspection Center	2	Jinan	Inspection of pressure vessel	100.68	100.00	100.00
44	Shandong Rongyu Jin'gu Venture Capital Investment Co., Ltd.	2	Jinan	Capital market service	20,000.00	60.00	60.00
45	Shandong Jin' ou Mining Machinery Trading Co., Ltd.	2	Jining	Machinery trade	1,000.00	100.00	100.00
46	Shandong Huiji Industry & Trade Co., Ltd.	2	Zoucheng	Maintenance of equipment	682.60	100.00	100.00
47	Beijing Yinxin Guanghua Real Estate Development Co., Ltd.	2	Beijing	Real estate development and management	6,666.00	51.00	51.00
48	Shaanxi Shidai Energy & Chemical Co., Ltd.	2	Yulin	Manufacture	6,000.00	100.00	100.00
49	Yankuang Group South America Co., Ltd.	2	Qingdao	Manufacture	50,000.00	100.00	100.00
50	Yankuang Zhongke Clean Energy Technology Co., Ltd.	2	Zoucheng	Energy clean	10,000.00	56.00	56.00
51	Yankuang Chemical Co., Ltd.	2	Zoucheng	Chemical industry	5,000.00	100.00	100.00
52	Yankuang (Shandong) Equity Investment Management Co., Ltd.	2	Jinan	Commercial service	1,000.00	50.00	50.00

Serial number	Enterprise name	Grade	Place of registration	Business nature	Paid-in capital (in RMB 10,000)	Shareholding (%)	Voting rights enjoyed (%)
53	Shandong Rongxintong Information Service Co., Ltd.	2	Jinan	Internet and related service industries	1,000.00	80.00	80.00
54	Shandong Geology and Mineral Resources Co., Ltd. (SDGM)	2	Jinan	Comprehensive	51,093.11	16.71	16.71
55	Shandong Ludi Mining Industry Investment Co., Ltd.	2	Jinan	Investment and asset management	18,800.00	100.00	100.00
56	Yankuang Electrolytic Aluminum (Hong Kong) Co., Ltd.	2	Hong Kong	Trade	10,129.46	100.00	100.00
57	Yankuang International Trade (Shandong) Co., Ltd.	2	Rizhao	Trade	5,000.00	100.00	100.00
58	Yankuang (Hainan) Intelligent Logistics Technology Co., Ltd.	2	Hainan	Trade	32,400.00	84.88	84.88
59	Yankuang Capital Management Co., Ltd.	2	Shanghai	Investment	86,975.00	100.00	100.00
60	Jining Fuxing Machinery Manufacture Co., Ltd.	2	Zoucheng	Binding & printing	369.00	100.00	100.00
61	Shandong Luxi Power Generation Co., Ltd.	2	Zoucheng	Electric power	2,000.00	100.00	100.00

Note: The above subsidiaries are disclosed as tier-II entities of the Group.

(II) Company information concerning the financial statements without third-party audit

The financial statements of the Group's overseas companies, including Yankuang Venezuela Company, Yankuang Group (Hong Kong) Co., Ltd., Yankuang Electrolytic Aluminum (Hong Kong) Co., Ltd., Yankuang Group (Cayman) Co., Ltd., Yankuang Donghua Construction Co., Ltd. Ecuador Branch, Yanzhou

Coal International Trading Co., Ltd. and Yanzhou Coal International (Singapore) Co., Ltd., have not been audited by a third-party auditor, and the auditor's report is issued by internal auditing organ of the Group.

(III) Company information concerning the implementation of the new standards

The listed companies (or listed on the New OTC Market) affiliated to the Company, i.e. Yanzhou Coal, SHZQ Futures Co., Ltd., Xinfengguang Electronic Technology Co., Ltd., Shandong Geology and Mineral Resources Co., Ltd., Shandong Xinhua Medical Equipment Co., Ltd. and Shandong Fiberglass Group Co., Ltd., implement the new financial instruments and income standards, and their accounting policies are implemented according to the new financial instruments and new income standards.

(IV) The reasons why the parent company owns less than half of the voting rights of the invested entity but can control the invested entity

Enterprise name	Shareholding (%)	Voting rights enjoyed (%)	Registered capital (in RMB 10,000)	Investment amount (in RMB 10,000)	Grade	Reasons for inclusion in consolidation scope
Shandong Wanxiang Mining Co., Ltd.	28.45	28.45	10,545.00	1,872.43	3	Actually control
Shandong Huatai Mining Co., Ltd.	20.49	20.49	6,000.00	5,067.55	3	Actually control
Shandong Huaheng Mining Co., Ltd.	28.62	28.62	10,000.00	12,055.16	3	Actually control
Shandong Shengquan Mining Co., Ltd.	29.06	29.06	5,800.00	5,174.77	3	Actually control
Shandong Liangzhuang Mining Co., Ltd.	27.00	27.00	17,000.00	18,483.84	3	Actually control
Shengyuan Hongda Chemical Co., Ltd.	50.00	50.00	23,589.86	11,794.93	3	Actually control
Shenglong Chemical Co., Ltd.	36.02	36.02	56,880.00	15,510.68	3	Actually control
Shandong Tagao Mining Industry Machinery Equipment Manufacturing Co., Ltd.	50.00	50.00	4,105.24	2,056.62	3	Actually control
Shandong Energy Heavy Equipment Group Junma Electric Motor Manufacturing Co., Ltd.	50.00	57.14	2,000.00	1,000.00	3	Actually control
Shandong Energy Heavy Equipment Group Zhongchuan Mining Equipment Manufacturing Co., Ltd.	50.00	50.00	5,700.00	2,850.00	3	Actually control
Kasong Technology Co., Ltd.	34.21	51.00	11,389.31	11,992.81	4	Actually control
Shandong Geology and Mineral Resources Co., Ltd. (SDGM)	16.71	16.71	51,093.12		2	Actually control
Shandong Boji Medical Technology Co., Ltd.	40.00	40.00	2,000.00		4	Actually control
Inner Mongolia Shanghaimiao Mining Industry Co., Ltd.	50.00	50.00	471,791.66	235,895.83	3	Actually control
Shandong Xinhua Medical Equipment Co., Ltd.	28.77	28.77	40,640.00	11,694.76	3	Actually control
Shandong Zhongde Dentistry Technology Co., Ltd.	45.00	45.00	€ 600,000	€ 70,000	4	Actually control

Enterprise name	Shareholding (%)	Voting rights enjoyed (%)	Registered capital (in RMB 10,000)	Investment amount (in RMB 10,000)	Grade	Reasons for inclusion in consolidation scope
Zibo Aike Industrial and Mining Machinery Co., Ltd.	10.00	10.00	5,000.00	100.00	3	Actually control
Hangjinqi Juneng Energy Co., Ltd.	50.00	50.00	30,000.00	99,292.00	3	Actually control
Shandong Donghua Cement Co., Ltd.	50.00	50.00	37,800.00	18,900.00	3	Actually control

(V) The reason why the parent company directly or indirectly owns more than half of the voting rights of the invested entities through other subsidiaries but fails to control them

Enterprise name	Shareholding (%)	Voting rights enjoyed (%)	Registered capital (in RMB 10,000)	Investment amount (in RMB 10,000)	Grade	Reasons for inclusion in consolidation scope
Inner Mongolia Yuxing Mining Co., Ltd.	100.00	100.00	5,000.00	5,000.00	4	Note 1
Bazhou Qinhua Industry & Trade Co., Ltd.	100.00	100.00	3,880.00	3,880.00	4	Note 2
Kuqa Yongxin Mining Industry Co., Ltd.	100.00	100.00	26,100.00	21,407.00	4	Note 2
Shandong Energy Heavy Equipment Group Zhongrui Mining Equipment Manufacturing Co., Ltd.	50.00	50.00	8,000.00	4,000.00	3	Transfer-in liquidation
Tai'an Taishan Jianneng Mining Pneumatic Equipment Manufacturing Co., Ltd.	60.00	60.00	100.00	60.00	3	Transfer-in liquidation
Laiwu Huanghai Car Repair Co., Ltd.	100.00	100.00	118.00	118.00	3	Transfer-in liquidation

Note 1: Xinwen Mining Inner Mongolia Energy Co., Ltd. acquired 100.00% equity of Inner Mongolia Yuxing Mining Co., Ltd. in 2012. This investment move was approved by SASAC on March 14, 2012 with Reply on Xinwen Mining Inner Mongolia Energy Co., Ltd.'s acquisition of Equity of Two Mines from Shichangwan Coal Mine Co., Ltd. in Xinmiao Township, Yiqi and Another Mine Owner (Lu Guozi Guihua Han [2012] No.18), and Xinwen Mining Inner Mongolia Energy Co., Ltd. has actually paid part of the consideration of RMB 50 million. As of December 31, 2020, Xinwen Mining Inner Mongolia Energy Co., Ltd. had not substantially controlled Inner Mongolia Yuxing Mining Co., Ltd.

Note 2: Xinwen Mining Group Yili Energy Development Co., Ltd. acquired 100.00% equity of Bazhou Qinhua Industry and Trade Co., Ltd. and Kuqa Yongxin Mining Co., Ltd. in 2012. This investment was approved by the SASAC in May 2012 with the Reply on the Acquisition of Xinjiang Bazhou Qinhua Industry and Trade Co., Ltd. and Kuqa Yongxin Mining Co., Ltd. by Xinwen Mining Group (Yili) Energy Development Co., Ltd. (Lu Guozi Guihua Han [2012] No.19), and Xinwen Mining Group Yili Energy Development Co., Ltd. has paid part of the consideration of RMB 38.8 million and RMB 214.07 million respectively. As of December 31, 2020, Xinwen Mining Group Yili Energy Development Co., Ltd. has not substantially controlled Bazhou Qinhua Industry and Trade Co., Ltd. and Kuqa Yongxin Mining Co., Ltd.

(VI) Former subsidiaries that are no longer included in the scope of consolidation this year

Name	Business nature	Shareholding by the parent company (%)	Reason for not being included in the consolidation scope
Feicheng Mining Group Zhangjiakou Energy Co., Ltd.	Coal mining and preparation	100.00	No longer control

Name	Business nature	Shareholding by the parent company (%)	Reason for not being included in the consolidation scope
Hulun Buir Dazheng Energy Development Co., Ltd.	Coal mining and preparation	100.00	No longer control
Shandong Shenneng Coal-fired Power Investment Co., Ltd.	Coal mining and preparation	100.00	Deregistration
Feicheng Mining Industry Central Hospital	Medical service	40.00	No longer control
Ningxia Taishan Sunshine Energy Development Co., Ltd.	Sales of building materials, hardware and steel	100.00	No longer control
Shandong New Lvyuanshen Forestry Technology Co., Ltd.	Research, development, production and sales of saplings	51.00	No longer control
Shaanxi Tongchuan Baishiya Mining Co., Ltd.	Coal mining and sales	95.30	No longer control
Wuhan Ansheng Economics & Trade Co., Ltd.	Logistics & trade	51.00	Deregistration
Shandong Anda Logistics Co., Ltd.	Logistics & trade	100.00	Deregistration
Tai'an Huaxin Furniture Co., Ltd.	Furniture production and sales	87.33	Deregistration
Shandong Tianzhuang Coal Mine Co., Ltd.	Coal mining	100.00	No longer control
Shandong Wusuotun Shengjian Coal Mine	Coal mining	100.00	No longer control
Inner Mongolia Yakeshi Wujiu Coal (Group) Co., Ltd.	Coal mining	49.00	No longer control
Rizhao Zhongxing Forestry Co., Ltd.	Woodworking	70.00	No longer control
Hebei Yao'an Mining Co., Ltd.	Coal mining	90.00	No longer control
Yunnan Sipaier Mining Industry Co., Ltd.	Coal mining	66.00	No longer control
Zaozhuang Mining Group Zaozhuang Hospital	Health care	20.00	No longer control
Zaozhuang Mining Group Central Hospital	Health care	20.00	No longer control
Zaozhuang Mining Group Tengnan Hospital	Health care	20.00	No longer control
Zaozhuang Mining Group Dongjiao Hospital	Health care	20.00	No longer control
Shandong Longfu Oil Shale Comprehensive Utilization Co., Ltd.	Manufacture	97.30	No longer control
Shandong Longhai Coal Delivery Co., Ltd.	Logistics	80.00	No longer control
Huadian Fengtai Oil Shale Comprehensive Development Co., Ltd.	Manufacture	80.00	No longer control
Guizhou Jinchang Mining Industry Co., Ltd.	Coal mining	100.00	Deregistration
Guizhou Taishan Sunshine Energy Development Co., Ltd.	Coal	100.00	Deregistration
Guizhou Zhijin Huaxing Coal Mining Co., Ltd.	Coal	100.00	Deregistration

Name	Business nature	Shareholding by the parent company (%)	Reason for not being included in the consolidation scope
Guizhou Feicheng Mining Pingqiao Fenghe Coal Mining Co., Ltd.	Coal	100.00	Deregistration
Zhijin Tenglong Coal Mine Co., Ltd.	Coal	100.00	Deregistration
Guizhou Zhijin Yongxing Coal Mining Co., Ltd.	Coal	100.00	Deregistration
Yankuang Aluminum International Trading Co., Ltd.	Trade	100.00	No longer control
Yanhou Mining Guizhou Energy & Chemical Co., Ltd.	Coal transportation and marketing	54.00	Disposal
Shandong Yankuang Aluminum-making Anode Co., Ltd.	Manufacture	75.00	No longer control
Shanghai Yankuang Investment Co., Ltd.	Investment management	90.00	No longer control
Zoucheng Yankuang Beisheng Industry & Trade Co., Ltd.	Manufacture of other rubber products	100.00	Deregistration
Yankuang Group Dalu Machinery Co., Ltd.	Manufacturing of mining machinery	100.00	No longer control
Yankuang Group Yanzhou Sanfang Steel Structure Co., Ltd.	Rolling processing of other non-ferrous metals	62.50	No longer control
Jining Duanxin Mingzhi Financial Consulting Partnership Corporation (limited partnership)	Investment management	20.00	Deregistration
Jining Duanxin Mingzhi Financial Consulting Partnership Corporation (limited partnership)	Investment management	40.00	Deregistration
Jining Duanxin Mingzhi Financial Consulting Partnership Corporation (limited partnership)	Investment management	20.00	Deregistration

(VII) Information of the entities shortlisted in the scope of consolidation

Enterprise name	Shareholding (%)	Acquisition method	Registered capital (in RMB 10,000)
Shandong Menglu Mining Engineering Co., Ltd.	100.00	Newly established	5,000.00
Shandong Energy Group Lingtai Thermal Power Generation Co., Ltd.	100.00	Newly established	10,000.00
Shandong Taiwen Mining Co., Ltd.	100.00	Newly established	800.00
Pingmei Chang 'an Energy Development Co., Ltd.	60.00	Equity acquisition	100,000.00
Kasong Technology Co., Ltd.	34.21	Equity acquisition	11,389.31
Liaocheng Xiangguang Power Generation Co., Ltd.	51.00	Equity acquisition	110,000.00
Inner Mongolia Mengda Railway Co., Ltd.	67.00	Newly established	20,100.00

Enterprise name	Shareholding (%)	Acquisition method	Registered capital (in RMB 10,000)
Shandong Geology and Mineral Resources Co., Ltd. (SDGM)	16.71	Free of charge transfer	51,093.12
Shandong Ludi Mining Industry Investment Co., Ltd.	100.00	Free of charge transfer	18,800.00
Shandong Rongxintong Information Service Co., Ltd.	80.00	Newly established	2,000.00
Shandong Luxi Power Generation Co., Ltd.	100.00	Free of charge transfer	170,000.00
Shandong Guoxin Healthcare Group Investment & Development Co., Ltd.	100.00	Free of charge transfer	30,000.00
Shandong Guoxin Healthcare Group Lvyuan Real Estate Development Co., Ltd.	100.00	Free of charge transfer	3,000.00
Shandong Guoxin Healthcare Group Hongbo Properties Co., Ltd.	100.00	Free of charge transfer	1,000.00
Shandong Guoxin Healthcare Group Minghua Properties Co., Ltd.	100.00	Free of charge transfer	1,000.00
Shandong Golden Property Management Co., Ltd.	100.00	Free of charge transfer	1,000.00
Shandong Guoxin Healthcare Group Jinbo Jewelry Co., Ltd.	100.00	Free of charge transfer	5,200.00
Shanghai Yaoqian Properties Co., Ltd.	80.00	Free of charge transfer	5,000.00
Shanghai Yaoqian Real Estate Development Co., Ltd.	80.00	Free of charge transfer	3,000.00
Shandong Golden Garden Engineering Co., Ltd.	100.00	Free of charge transfer	1,000.00
Shandong Golden Landscape Engineering Co., Ltd.	100.00	Free of charge transfer	1,070.00
Shandong Decoration Group Co., Ltd.	100.00	Free of charge transfer	8,000.00
Shandong Guoxin Healthcare Group Jinyuan Real Estate Development Co., Ltd.	100.00	Free of charge transfer	2,000.00
Shandong Guoxin Healthcare Group Laizhou Elderly Care Industry Co., Ltd.	80.00	Free of charge transfer	2,000.00
Shanjin Qidi (Shanghai) Investment Co., Ltd.	100.00	Free of charge transfer	1,000.00

Enterprise name	Shareholding (%)	Acquisition method	Registered capital (in RMB 10,000)
Shanghai Longju Real Estate Development Co., Ltd.	50.00	Free of charge transfer	10,000.00
Shanghai Longwei Investment Co., Ltd.	50.00	Free of charge transfer	10,000.00
Luyi Holdings Co., Ltd.	100.00	Free of charge transfer	50,000.00
Luyi Holdings (Juye) Co., Ltd.	80.00	Free of charge transfer	12,000.00
Shandong Guoxin Healthcare Group Healthcare Technology Co., Ltd.	100.00	Free of charge transfer	25,000.00
Luyi Holdings (Leling) Co., Ltd.	51.00	Free of charge transfer	24,490.00
Shandong Boji Medical Technology Co., Ltd.	40.00	Free of charge transfer	2,000.00
Shandong Wantong Pharmacy Co., Ltd.	100.00	Free of charge transfer	1,000.00
JinanJinfengyuan Property Management Co., Ltd.	100.00	Free of charge transfer	50.00
Shandong Guoxin Healthcare Group Xinli Industry Co., Ltd.	100.00	Free of charge transfer	997.30
Ludi Tianmu (Tancheng) Hotel Management Co., Ltd.	100.00	Free of charge transfer	500.00
Shandong Guoxin Healthcare Group Yihe Development Co., Ltd.	80.00	Free of charge transfer	5,000.00
Inner Mongolia Mining (Group) Co., Ltd.	51.00	Equity acquisition	699,730.61
Inner Mongolia Mining Resources Investment Holding Co., Ltd.	100.00	Equity acquisition	40,000.00
Ulanqab Hongda Industry Co., Ltd.	90.91	Equity acquisition	55,000.00
Inner Mongolia Yitai Galultu Mining Co., Ltd.	52.77	Equity acquisition	100,000.00
Inner Mongolia Jinkong Financing Lease Co., Ltd.	100.00	Equity acquisition	120,000.00
Tianjin Jinkong Financing Lease Co., Ltd.	100.00	Equity acquisition	23,300.00
Tianjin Jinkong Commercial Factoring Co., Ltd.	100.00	Equity acquisition	9,000.00
Ordos Fengwei Photoelectricity Co., Ltd.	100.00	Equity acquisition	18,000.00
Ordos Lvneng Photoelectricity Co., Ltd.	96.36	Equity	120,000.00

Enterprise name	Shareholding (%)	Acquisition method	Registered capital (in RMB 10,000)
		acquisition	
Ordos Culture Industrial Park Culture & Education Co., Ltd.	63.30	Equity acquisition	20,903.40
Ordos Culture Industrial Park Digital Media Co., Ltd.	100.00	Equity acquisition	4,383.00
Inner Mongolia Mengtong Railway Co., Ltd.	51.00	Newly established	10,000.00
Yankuang Intelligent Ecology Co., Ltd.	100.00	Newly established	8,000.00
Hainan International Energy Trading Center Co., Ltd.	44.11	Newly established	27,000.00
Hainan Intelligent Warehousing Logistics Co., Ltd.	100.00	Newly established	1,000.00
SDGM Huitong Special Tire Co., Ltd.	70.00	Free of charge transfer	30,000.00
SDGM Materials Development Co., Ltd.	100.00	Free of charge transfer	3,000.00
Shandong Baoli Steroid Bio-tech Co., Ltd.	70.06	Free of charge transfer	15,700.00
Guangrao Lifeng Biotech Co., Ltd.	70.00	Free of charge transfer	6,000.00
Shandong Ruixin Investment Co., Ltd.	100.00	Free of charge transfer	3,600.00
Shandong Jianlian Shengjia Chinese Medicine Co., Ltd.	80.00	Free of charge transfer	961.68
Penglai Wantai Mining Co., Ltd.	60.00	Free of charge transfer	100.00
Binzhou Lizhiyuan Biotech Co., Ltd.	70.00	Free of charge transfer	10,000.00
Zhejiang Free Trade Zone Ludi Products Co., Ltd.	51.00	Free of charge transfer	10,000.00
Moolarben Coal Joint Venture	60.00	Equity acquisition	
Watagan Mining Co., Ltd.	100.00	Note	

Note: On December 16, 2020, Yankuang Group, Yankuang Hong Kong, a wholly-owned subsidiary of Yankuang Group, and other two bondholders entered into a commercial arrangement, which includes an agreement to transfer the remaining bonds of RMB 575 million to Yankuang Group and complete the transfer of these bonds to Yankuang Hong Kong on March 31, 2021 (or an earlier date than Yankuang Group may specify). The other two bondholders agreed with Yankuang Group that their nominated directors will withdraw from the board of directors of Watagan from December 16, 2020.

According to the Bond Subscription Agreement, Yankuang Group has no right to appoint directors if it becomes the sole holder of Watagan bonds due to the exercise of put options. Therefore, according to this

commercial arrangement, after the directors nominated by the other two bondholders withdraw from Watagan's board of directors, Yancoal Australia will obtain the right to appoint all directors of Watagan, and then gain control over Watagan. Watagan has been included in the consolidated statements of Yancoal Australia since December 16, 2020.

VIII. Notes on items in consolidated financial statements

1.Monetary capital

Item	December 31, 2020	December 31, 2019
Cash on hand	4,310,263.02	5,817,741.43
Bank deposit	39,958,224,146.04	41,960,008,242.04
Other monetary capital	21,861,929,473.13	18,731,708,010.63
Total	**61,824,463,882.19**	**60,697,533,994.10**
Including: total amount of money deposited abroad	4,526,536,572.63	5,653,261,210.49

Details of restricted monetary capital are as follows:

Item	December 31, 2020	December 31, 2019
Bill and LC deposit	10,009,174,885.13	10,631,401,058.87
Reserve against deposit	2,395,637,428.02	1,829,388,907.41
Cover cost	2,339,031,237.60	1,528,910,091.59
Land reclamation deposit	1,340,791,022.87	913,570,170.23
Time deposit in pledge	1,238,621,076.83	858,599,626.21
Loan margin	1,019,912,252.02	721,594,994.90
Environmental governance deposit	676,586,573.04	763,826,321.43
Special funds for capacity removal and relocation	634,853,814.33	34,801,129.58
Pre-sale deposit	540,975,198.30	511,964,370.90
Frozen funds	372,675,380.67	132,001,862.30
Fund supervising account	288,147,299.38	6,697,105.45
Funds under local government supervision	192,724,020.26	53,696,489.83
Dividends and interest of exchangeable bond pledged stocks	118,239,480.02	760,645,759.21
Real estate industry deposit	85,913,297.09	70,794,804.56
Performance bond	61,405,727.46	79,109,657.45
Guarantee fund for migrant workers	15,986,022.66	69,997,272.90
Guarantee fund of construction enterprise	12,191,451.01	6,216,814.13
Others	307,846,452.02	22,679,991.21
Total	**21,650,712,618.71**	**18,995,896,428.15**

2.Settlement Provision

Name of bourse	December 31, 2020	December 31, 2019
China Financial Futures Exchange	11,281,824.15	10,000,000.00
China Securities Depository and Clearing Corporation	36,604,526.73	
Total	**47,886,350.88**	**10,000,000.00**

3. Financial assets at fair value through profit or loss

Item	December 31, 2020	December 31, 2019
Transactional financial assets	3,846,226,680.22	4,717,907,433.53
Where: investment in debt instruments	519,693,360.00	1,964,185,792.11
Investment in equity instruments	3,239,517,060.77	2,657,923,007.02
Derivative financial assets	37,583,461.97	59,549,016.63
Fund investment	49,432,797.48	
Others		36,249,617.77
Designated to be measured at fair value with changes included Financial assets in current profits and losses		28,713,322.55
Where: investment in debt instruments		
Investment in equity instruments		28,713,322.55
Others		
Total	**3,846,226,680.22**	**4,746,620,756.08**

Note: The Company takes the product of the closing price of the last trading day of the stock exchange in 2020 and the number of shares held as the basis for the recognition of fair value.

4.Transactional financial assets

Item	December 31, 2020	December 31, 2019
Classified as financial assets at fair value through profit or loss	2,055,674,870.55	1,988,125,250.47
Where: investment in debt instruments	158,922,251.02	170,194,787.90
Investment in equity instruments	440,818,001.46	978,647,481.57
Others (Note 1-4)	1,455,934,618.07	839,282,981.00
Total	**2,055,674,870.55**	**1,988,125,250.47**

Note 1: As of December 31, 2020, the cost and book value of wealth management products held by Shangqi Capital Management Co., Ltd., a subsidiary of the Company, were RMB 888 million and RMB 888.168 million respectively.

Note 2: The derivative financial assets of Shangqi Capital Management Co., Ltd., a subsidiary of SHZQ Futures Co., Ltd., are futures, options and contracts to be executed held by the company. As of December 31, 2020, its position cost was RMB 314,438,800 and its book value RMB 418,345,700.

Note 3: Gloucester Coal Co., Ltd., a subsidiary of Yanzhou Coal, has the right to obtain its special income calculated at 4% of the sales price of outbound coal in the Middlemount Mine Project. The management of Yancoal Australia Limited. (hereinafter referred to as Yancoal Australia) measures this right according to the discounted present value of future cash flow on each reporting day, and the changes of gains and losses are counted to the current gains and losses. As of December 31, 2020, the income of RMB 79.88 million to be obtained within the coming year is regarded as transactional financial assets, and the income of RMB 1,009.562 million to be obtained within over one year is regarded as other non-current financial assets.

Note 4: Yancoal Australia Limited under Yanzhou Coal, a subsidiary of the Company, shall receive part of the consideration for Glencore Group's acquisition of the 16.6% interest of HVO Unincorporated Joint Venture held by United Coal Mining Co., Ltd. The management of the Company measures this right according to the discounted present value of future cash flows on each reporting day, and the changes of gains and losses are counted to the current gains and losses. As of December 31, 2020, the receivable of RMB 18,055,000 for the coming year is regarded as transactional financial assets.

5.Derivative financial instruments

Item	December 31, 2020	December 31, 2019
Derivative financial assets	10,380,844.11	752,554.81
Total	**10,380,844.11**	**752,554.81**

6. Notes receivable

Category	December 31, 2020			December 31, 2019		
	Book balance	Bad-debt provision	Book value	Book balance	Bad-debt provision	Book value
Bank acceptance bill	11,469,592,348.67	700,000.00	11,468,892,348.67	13,599,821,220.62	1,100,000.00	13,598,721,220.62
Trade acceptance bill	406,179,674.77	2,885,246.61	403,294,428.16	1,970,669,419.45	29,612.50	1,970,639,806.95
Total	**11,875,772,023.44**	**3,585,246.61**	**11,872,186,776.83**	**15,570,490,640.07**	**1,129,612.50**	**15,569,361,027.57**

7.Receivables

Category	December 31, 2020				
	Book balance		Bad-debt provision		Book value
	Sum	Proportion (%)	Sum	Accrual ratio (%)	
Accounts receivable with significant amount of single item and provision for bad debts for single item:	1,446,861,353.38	8.17	924,439,819.54	63.89	522,421,533.84
Accounts receivable with provision for bad debts accrued according to credit risk charactered portfolio	16,010,102,806.75	90.37	1,341,977,762.91	8.38	14,668,125,043.84
Where: aging portfolio	14,769,505,342.59	83.37	1,341,977,762.91	9.09	13,427,527,579.68
Risk-free portfolio	1,240,597,464.16	7.00			1,240,597,464.16

Category	December 31, 2020				
	Book balance		Bad-debt provision		Book value
	Sum	Proportion (%)	Sum	Accrual ratio (%)	
Accounts receivable with bad debt provision accrued for single item, although the amount of a single item is not significant	258,588,654.71	1.46	216,226,979.87	83.62	42,361,674.84
Total	**17,715,552,814.84**	**100.00**	**2,482,644,562.32**		**15,232,908,252.52**

(Continued)

Category	December 31, 2019				
	Book balance		Bad-debt provision		Book value
	Sum	Proportion (%)	Sum	Accrual ratio (%)	
Accounts receivable with significant amount of single item and provision for bad debts for single item:	828,604,543.50	5.21	420,094,992.95	50.70	408,509,550.55
Accounts receivable with provision for bad debts accrued according to credit risk charactered portfolio	14,848,203,527.32	93.41	1,791,921,620.03	12.07	13,056,281,907.29
Where: aging portfolio	12,002,606,277.13	75.50	1,791,921,620.03	14.93	10,210,684,657.10
Risk-free portfolio	2,845,597,250.19	17.90			2,845,597,250.19
Accounts receivable with bad debt provision accrued for single item, although the amount of a single item is not significant	219,649,526.25	1.38	179,803,735.72	81.86	39,845,790.53
Total	**15,896,457,597.07**	**100.00**	**2,391,820,348.70**	**100.00**	**13,504,637,248.37**

(1) Main accounts receivable with significant amount of single item and provision for impairment for single item at the end of period:

Name of debtor	Book balance	Bad-debt provision	Accrual ratio (%)	Explanation
Baota Petrochemical Group Finance Co., Ltd.	297,500,000.00	208,250,000.00	70.00	It is expected that part of it cannot be recovered
Jiamusi Huinong Grains Specialized Cooperative	206,531,629.78	27,549,082.16	13.34	Involved in the proceeding, the controlling party of the counterparty is a state-owned enterprise, and the possibility of repayment is extremely high

Name of debtor	Book balance	Bad-debt provision	Accrual ratio (%)	Explanation
Shandong Longfu Oil Shale Comprehensive Utilization Co., Ltd.	150,886,533.20	75,443,266.60	50.00	It is expected that part of it cannot be recovered
Wuhan Iron and Steel Jiangbei Group Metal Products Co., Ltd.	68,158,969.80	54,527,175.84	80.00	Repayment under the agreement, the counterparty takes forest land as collateral
Shandong Jinshan Coal Mining Co., Ltd.	60,977,512.00	36,586,507.20	60.00	It is expected that part of it cannot be recovered
Total	**784,054,644.78**	**402,356,031.80**		

(2) Accounts receivable with provision for bad debts accrued according to credit risk charactered portfolio

Accounts receivable with bad debt provision accrued by aging analysis method

Aging	December 31, 2020			December 31, 2019		
	Book balance	Accrual ratio %	Bad-debt provision	Book balance	Accrual ratio %	Bad-debt provision
Within 1 year	10,898,584,041.95	1.99	216,454,933.86	7,744,603,393.11	1.40	91,631,852.49
1-2 years	1,098,129,003.76	12.52	137,487,552.51	2,020,759,927.07	11.39	230,118,894.56
2-3 years	495,287,753.21	28.02	138,791,142.32	624,404,700.48	36.35	227,000,328.67
3-4 years	371,264,887.43	40.78	151,383,368.50	392,713,471.01	55.75	218,943,180.37
4-5 years	177,845,549.23	63.94	113,722,471.93	281,115,338.66	80.00	224,892,270.93
Over 5 years	608,753,075.93	79.63	484,768,515.63	939,009,446.80	85.13	799,335,093.01
Total	**13,649,864,311.51**		**1,242,607,984.76**	**12,002,606,277.13**		**1,791,921,620.03**

(3) Accounts receivable of the top five closing balances polled by the debtors

Name of debtor	December 31, 2020	Proportion in total accounts receivable (%)	Bad-debt provision
Baota Petrochemical Group Finance Co., Ltd.	297,500,000.00	1.68	208,250,000.00
State Grid Company Limited	261,400,589.57	1.48	
Shandong Zhisen E-commerce Co., Ltd.	240,307,151.74	1.36	
Shougang Group Co., Ltd.	239,557,457.84	1.35	947,187.28
Jiamusi Huinong Grains Specialized Cooperative	206,531,629.78	1.17	27,549,082.16
Total	1,245,296,828.93	**6.39**	236,746,269.44

8.Receivables financing

Item	December 31, 2020	December 31, 2019
Notes receivable	3,572,946,286.27	3,157,465,303.15

Item	December 31, 2020	December 31, 2019
Letter of credit	115,727,729.24	153,938.22
Total	**3,688,674,015.51**	**3,157,619,241.37**

9. Prepayments

(1) Prepayments are listed by age

Aging	December 31, 2020			December 31, 2019		
	Book balance		Bad-debt provision	Book balance		Bad-debt provision
	Sum	Proportion (%)		Sum	Proportion (%)	
Within 1 year	13,545,553,575.02	78.17	3,218,892.35	9,276,676,093.84	73.68	5,558,386.37
1-2 years (including 2 years, the same below)	1,800,885,521.74	10.39	256,973,669.73	681,776,534.86	5.42	21,089,703.12
2-3 years	300,661,728.82	1.73	19,491,140.28	380,041,696.20	3.02	18,124,076.73
Over 3 years	1,682,266,481.20	9.71	241,274,047.39	2,250,493,858.34	17.88	394,988,224.75
Total	**17,329,367,306.78**	**100.00**	**520,957,749.75**	**12,588,988,183.24**	**100.00**	**439,760,390.97**

(2) Significant and large-amount prepayments aging more than one year

Debtor	December 31, 2020	Reason for being outstanding in settlement
Shandong Expressway Logistics Group Co., Ltd.	249,600,000.00	Involved in proceeding
CCTEG Shaanxi Energy Co., Ltd.	134,267,007.55	Involved in proceeding
Nantong Lvzhou Electric Energy Co., Ltd.	131,116,999.42	Repayment by mortgage of real estate
China Machinery International Cooperation Co., Ltd.	85,281,768.37	Settlement by contract
Jiangsu Dacheng Electric Power Fuel Co., Ltd.	79,912,600.00	Outstanding settlement
Total	**680,178,375.34**	

(3) Prepayments of the top five closing balances polled by debtors

Name of debtor	December 31, 2020	Proportion in total prepayments (%)	Bad-debt provision
Shandong Hemei Supply Chain Management Co., Ltd.	692,665,575.00	4.00	
Shandong Meibang Supply Chain Management Co., Ltd.	420,000,000.00	2.42	
Xi 'an Maike Metals International Group Co., Ltd.	285,582,510.00	1.65	

Name of debtor	December 31, 2020	Proportion in total prepayments (%)	Bad-debt provision
Yulin Water Group Yuheng Industrial Park Water Supply Co., Ltd.	283,569,943.28	1.64	
Rizhao Shangcheng International Trading Co., Ltd.	268,463,980.41	1.55	
Total	**1,950,282,008.69**	**11.26**	

10.Reinsurance accounts receivable

(1) Details

Name of bourse	December 31, 2020	December 31, 2019
Shanghai Futures Exchange	7,092,672.00	6,749,880.00
Zhengzhou Commodity Exchange		35,110,000.00
Total	**7,092,672.00**	**41,859,880.00**

(2) Details of pledges

Type of pledge	December 31, 2020	December 31, 2019
No.20 rubber		2,143,000.00
Soya bean oil		2,151,750.00
Aluminum		43,894,620.00
Silver	8,865,840.00	6,285,600.00
Total	**8,865,840.00**	**54,474,970.00**

11. Reinsurance reserve receivable

Name of bourse	December 31, 2020	December 31, 2019
Dalian Commodity Exchange	435,949,541.97	215,439,752.77
Zhengzhou Commodity Exchange	278,866,013.68	244,217,746.19
Shanghai Futures Exchange	619,687,477.88	593,578,617.68
China Financial Futures Exchange	856,280,650.50	310,648,650.40
Energy Trading Center	25,619,629.40	64,685,447.07
Total	**2,216,403,313.43**	**1,428,570,214.11**

12.Other receivables

Item	December 31, 2020	December 31, 2019
Interest receivable	137,558,965.40	338,055,096.54
Dividends receivable	199,578,825.35	5,000,000.00

Item	December 31, 2020	December 31, 2019
Other receivables	31,462,680,616.26	33,762,000,806.24
Total	**31,799,818,407.01**	**34,105,055,902.78**

(1) Interest receivable

Item	December 31, 2020	December 31, 2019
Term deposit	13,376,671.90	95,397,317.63
Interest on bond lending	567,591.75	
Interest on borrowings	123,614,701.75	242,657,778.91
Total	**137,558,965.40**	**338,055,096.54**

(2) Dividends receivable

Item	December 31, 2020	December 31, 2019	Reasons for not being recovered
Total dividends receivable	199,578,825.35	5,000,000.00	
Of which: dividends receivable aging more than one year	5,000,000.00	5,000,000.00	

Note: Dividends receivable with an accounting age of more than one year amount to RMB 5,000,000.00 from Shanghai Yikang Rehabilitation Hospital Co., Ltd.

(3) Other receivables

Category	December 31, 2020				
	Book balance		Bad-debt provision		Book value
	Sum	Proportion (%)	Sum	Accrual ratio (%)	
Other receivables with significant single amount and single provision for bad debts	19,025,081,658.00	32.83	15,848,109,099.77	83.3	3,176,972,558.23
Other receivables with provision for bad debts accrued according to the combination of credit risk characteristics	38,577,276,759.65	66.57	10,405,878,326.60	27.81	28,171,398,433.05
Where: aging portfolio	30,565,539,846.46	52.75	10,405,878,326.60	34.04	20,159,661,519.86
Risk-free portfolio	8,011,736,913.19	13.83			8,011,736,913.19
Other receivables with insignificant single amount but with single provision for bad debts	345,622,625.52	0.60	231,313,000.54	66.93	114,309,624.98
Total	**57,947,981,043.17**	**100.00**	**26,485,300,426.91**		**31,462,680,616.26**

(Continued)

Category	December 31, 2019				
	Book balance		Bad-debt provision		Book value
	Sum	Proportion (%)	Sum	Accrual ratio (%)	
Other receivables with significant single amount and single provision for bad debts	16,065,922,199.00	28.59	13,354,697,021.36	83.12	2,711,225,177.64
Other receivables with provision for bad debts accrued according to the combination of credit risk characteristics	39,748,974,650.78	70.74	8,814,705,829.10	22.18	30,934,268,821.68
Where: aging portfolio	34,055,800,686.82	60.61	8,814,705,829.10	25.88	25,241,094,857.72
Risk-free portfolio	5,693,173,963.96	10.13			5,693,173,963.96
Other receivables with insignificant single amount but with single provision for bad debts	375,915,365.92	0.67	259,408,559.00	69.01	116,506,806.92
Total	**56,190,812,215.70**	**100.00**	**22,428,811,409.46**		**33,762,000,806.24**

① Other major receivables with the significant single amount and single provision for bad debts on December 31, 2020

Name of debtor	Book balance	Bad-debt provision	Accrual ratio (%)	Reason for accrual
Feicheng Mining Group Zhangjiakou Energy Co., Ltd.	2,109,120,767.28	2,109,120,767.28	100.00	Irrecoverable as forecasted
Yankuang Yishan Chemical Co., Ltd.	1,743,255,768.58	1,743,255,768.58	100.00	Irrecoverable as forecasted
Feicheng Mining Group Yangying Energy Co., Ltd.	1,597,224,963.51	1,442,644,480.82	90.32	There is a risk of non-recovery
Xintai Liangzhuang Energy Development Co., Ltd.	983,401,617.59	890,807,698.20	90.58	There is a risk of non-recovery
Ningxia Taishan Sunshine Energy Development Co., Ltd.	726,418,862.57	726,418,862.57	100.00	Irrecoverable as forecasted
Shandong Longfu Oil Shale Comprehensive Utilization Co., Ltd.	720,231,551.95	72,006,858.39	100.00	Irrecoverable as forecasted
Huadian Fengtai Oil Shale Comprehensive Development Co., Ltd.	566,490,103.39	132,593,403.00	23.41	There is a risk of non-recovery
Yunnan Sipaier Mining Industry Co., Ltd.	549,040,708.45	414,408,465.30	75.48	There is a risk of non-recovery
Longkou Liuhai Mining Co., Ltd.	525,905,029.43	491,519,167.71	93.46	There is a risk of non-recovery
Feicheng Mining Group Zhangjiakou Xinyu Logistics Co., Ltd.	516,234,194.54	516,234,194.54	100.00	Irrecoverable as forecasted
Tai'an Yonghong Mine Resources Investment Co., Ltd.	795,994,149.52	795,994,149.52	100.00	Irrecoverable as forecasted

Name of debtor	Book balance	Bad-debt provision	Accrual ratio (%)	Reason for accrual
Qingzhenzhanjie Mining Industry Co., Ltd.	388,501,350.36	388,501,350.36	100.00	Irrecoverable as forecasted
Tongchuan Yaozhou District Baishiya Mining Co., Ltd.	376,911,049.26	376,911,049.26	100.00	Irrecoverable as forecasted
Shandong Liye Machinery Equipment Co., Ltd.	369,781,456.72	369,781,456.72	100.00	Irrecoverable as forecasted
Shandong Jingting Industry Co., Ltd.	352,727,722.75	230,301,589.15	65.29	There is a risk of non-recovery
Hulun Buir Dazheng Energy Development Co., Ltd.	344,054,013.69	344,054,013.69	100.00	Irrecoverable as forecasted
Shandong Bayi Coal-fired Power Co., Ltd.	310,587,364.20	244,325,434.24	78.67	There is a risk of non-recovery
Beijing Shuailing Trading Company	309,950,000.00	247,960,000.00	80.00	There is a risk of non-recovery
Zaozhuang Bayi Coal Water Slurry Thermal Power Co., Ltd.	290,853,321.82	60,410,700.00	20.77	There is a risk of non-recovery
Taide New Energy Co., Ltd.	290,375,292.52	290,375,292.52	100.00	Irrecoverable as forecasted
Shandong Tianzhuang Coal Mine Co., Ltd.	283,314,068.31	283,314,068.31	100.00	Irrecoverable as forecasted
Guizhou Feicheng Mining Guangda Energy Co., Ltd.	280,552,279.48	280,552,279.48	100.00	Irrecoverable as forecasted
Shandong Yankuang Carbon Products Co., Ltd.	241,896,040.70	241,896,040.70	100.00	Irrecoverable as forecasted
Yankuang Group Rusi Textile Co., Ltd.	239,107,447.87	239,107,447.87	100.00	Irrecoverable as forecasted
Tai'an Hengkai Economics & Trading Co., Ltd.	222,000,000.00	222,000,000.00	100.00	Irrecoverable as forecasted
Zaozhuang Xinzhongxing Industry Co., Ltd.	196,891,525.00	47,284,767.83	24.02	There is a risk of non-recovery
Zaozhuang Ganlin Industry Co., Ltd.	196,061,523.45	81,390,035.31	41.51	There is a risk of non-recovery
Zaozhuang Xinyuanda Industry Co., Ltd.	194,997,203.11	67,961,419.90	34.85	There is a risk of non-recovery
Gejiu Hengrui Industry & Trade Co., Ltd.	185,365,779.72	185,365,779.72	100.00	Irrecoverable as forecasted
Zaozhuang Mining Group Guang' an Real Estate Development Co., Ltd.	158,514,937.37	52,188,953.66	32.92	There is a risk of non-recovery
Shandong Huafeng Electromechanical Equipment Co., Ltd.	152,278,550.21	152,278,550.21	100.00	Irrecoverable as forecasted
Guizhou Guicheng Coal Mining Co., Ltd.	141,903,492.98	141,903,492.98	100.00	Irrecoverable as forecasted
Yanri Coal Water Slurry Co., Ltd.	138,013,511.87	138,013,511.87	100.00	Irrecoverable as forecasted
Shengyuan Technology Group Co., Ltd.	118,623,709.85	107,358,979.26	90.50	Few possibilities to recover
Zaozhuang Lianchuang Industry Co., Ltd.	110,130,000.00	75,504,000.00	68.56	There is a risk of non-recovery
Shandong Zhongshun Technology Development Co., Ltd.	102,349,104.78	102,349,104.78	100.00	Irrecoverable as forecasted

Name of debtor	Book balance	Bad-debt provision	Accrual ratio (%)	Reason for accrual
Total	**16,829,058,462.83**	**14,306,093,133.73**		

② Other receivables with provision for bad debts accrued according to the combination of credit risk characteristics

Other receivables with bad debt provision accrued by the aging analysis method

Aging	December 31, 2020			December 31, 2019		
	Book balance	Accrual ratio %	Bad-debt provision	Book balance	Accrual ratio %	Bad-debt provision
Within 1 year	17,216,549,398.67	5.08	874,705,114.86	20,009,586,588.22	3.99	798,949,622.58
1-2 years (including 2 years, the same below)	2,025,034,265.49	20.34	411,837,737.48	5,041,359,356.02	28.47	1,435,057,977.57
2-3 years	2,552,771,556.33	47.53	1,213,395,286.23	3,069,744,188.88	53.20	1,632,990,293.57
3-4 years	3,097,398,605.04	80.00	2,477,918,884.03	1,439,932,679.71	73.70	1,061,296,360.44
4-5 years	1,228,823,584.68	80.00	983,058,867.74	3,043,831,495.35	80.00	2,435,065,196.30
Over 5 years	4,444,962,436.25	100.00	4,444,962,436.25	1,451,346,378.64	100.00	1,451,346,378.64
Total	**30,565,539,846.46**		**10,405,878,326.60**	**34,055,800,686.82**		**8,814,705,829.10**

③ Other receivables of the top five closing balances polled by debtors

Name of debtor	Nature of account	Book balance	Proportion in other receivables (%)	Bad-debt provision
Yili Xintian Coal Chemical Co., Ltd.	Accounts current	2,199,276,690.74	3.80	
Nanjing Jin'an Zhongyin Real Estate Development Co., Ltd.	Accounts current	1,103,064,172.75	1.90	
Xintai Liangzhuang Energy Development Co., Ltd.	Accounts current	983,401,617.59	1.70	890,807,698.20
Ningxia Taishan Sunshine Energy Development Co., Ltd.	Accounts current	726,418,862.57	1.25	726,418,862.57
Tai'an Taishan Sanhe Industry Co., Ltd.	Accounts current	451,682,573.46	0.78	277,347,984.97
Total		**5,463,843,917.11**	**9.43**	**1,894,574,545.74**

13. Financial assets purchased under agreements to resell

Item	December 31, 2020	December 31, 2019
Reverse repo of national debt	507,950,000.00	100,000,000.00
Total	**507,950,000.00**	**100,000,000.00**

14. Inventory

Item	December 31, 2020		
	Book balance	Provision for depreciation	Book value
Raw materials	4,616,216,299.18	33,003,355.05	4,583,212,944.13
Self-made semi-finished products and in-process products	39,730,393,851.56	6,770,049.86	39,723,623,801.70
Commodity stocks	19,088,790,314.69	299,263,014.27	18,789,527,300.42
Turnover materials	692,250,309.36	106,895.03	692,143,414.33
Engineering construction	3,410,065,807.39		3,410,065,807.39
Goods delivered	499,305,581.83	12,445,185.50	486,860,396.33
Others	178,897,885.53	934,873.31	177,963,012.22
Total	**68,215,940,243.54**	**352,523,373.02**	**67,863,416,870.52**

(Continued)

Item	December 31, 2019		
	Book balance	Provision for depreciation	Book value
Raw materials	4,309,744,063.96	29,809,507.47	4,279,934,556.49
Self-made semi-finished products and in-process products	28,670,175,660.34	33,014,619.16	28,637,161,041.18
Commodity stocks	19,807,044,268.45	142,556,164.52	19,664,488,103.93
Turnover materials	752,274,526.79		752,274,526.79
Engineering construction	3,236,811,356.21		3,236,811,356.21
Goods delivered	130,218,029.40	12,953,521.34	117,264,508.06
Others	88,310,434.44	438,477.67	87,871,956.77
Total	**56,994,578,339.59**	**218,772,290.16**	**56,775,806,049.43**

15.Contract assets

Item	December 31, 2020		December 31, 2019	
	Book balance	Provision for impairment	Book balance	Provision for impairment
Undue payment for project	21,361,637.71			
Total	**21,361,637.71**			

16. Held-for-sale assets

Item	Book value at December 31, 2020	Fair value at December 31, 202(	Book value at December 31, 2019	Fair value at December 31, 2019
Land to be sold	8,577,870.49	8,577,870.49	217,644,405.56	217,644,405.56

Item	Book value at December 31, 2020	Fair value at December 31, 202(	Book value at December 31, 2019	Fair value at December 31, 2019
Total	**8,577,870.49**	**8,577,870.49**	**217,644,405.56**	**217,644,405.56**

17.Non-current assets due within one year

Item	December 31, 2020	December 31, 2019
Long-term receivables due within one year	1,945,729,107.60	1,494,710,679.66
Other non-current assets due within one year	25,496,443.30	518,800.29
Total	**1,971,225,550.90**	**1,495,229,479.95**

18.Other current assets

Item	December 31, 2020	December 31, 2019
Costs for land subsidence restoration, reorganization and environmental protection	3,194,472,104.98	1,962,913,307.88
Environmental governance deposit	98,414,643.66	101,170,022.77
Compensation for long service leave fund	39,329,996.06	19,208,208.20
Factoring receivables	927,918,167.96	453,274,172.98
Loans and borrowings	625,554,228.63	2,554,300,290.97
Wealth management products	706,241,951.46	1,016,032,040.00
Input tax and withholding tax to be deducted	6,076,891,480.57	4,622,598,104.83
Others	260,202,434.13	17,586,161.45
Total	**11,929,025,007.45**	**10,747,082,309.08**

19.Available-for-sale financial assets

(1) Available-for-sale financial assets

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Debt instruments available for sale	15,387,722,009.10	990,850,604.70	14,396,871,404.40	13,634,767,428.10	338,100,180.26	13,296,667,247.84
Equity instruments available for sale	279,459,890.96		279,459,890.96	292,992,905.81		292,992,905.81
In which: Measured at fair value	15,108,262,118.14	990,850,604.70	14,117,411,513.44	13,341,774,522.29	338,100,180.26	13,003,674,342.03
Measured at cost						

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Others	**15,387,722,009.10**	**990,850,604.70**	**14,396,871,404.40**	**13,634,767,428.10**	**338,100,180.26**	**13,296,667,247.84**
Total	15,387,722,009.10	990,850,604.70	14,396,871,404.40	13,634,767,428.10	338,100,180.26	13,296,667,247.84

(2) Available-for-sale financial assets measured at fair value on December 31, 2020

Item	Equity instruments available for sale	Debt instruments available for sale	Others	Total
Cost of equity instruments / amortized cost of debt instruments	177,471,861.50			177,471,861.50
Fair value	279,459,890.96			279,459,890.96
The amount of changes of fair value accumulated into other comprehensive income	101,988,029.46			101,988,029.46
Impairment amount accrued				

Note: The Company takes the product of the closing price of the last trading day of the stock exchange in 2020 and the number of shares held as the basis for the recognition of fair value.

20.Held-to-maturity investment

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Subscribe for private equity funds for energy transformation	1,413,935,000.00		1,413,935,000.00	1,538,935,000.00		1,538,935,000.00
Targeted asset management plan	65,000,000.00		65,000,000.00	65,000,000.00		65,000,000.00
Entrusted loan investment	225,460,000.00		225,460,000.00	799,780,000.00		799,780,000.00
Asset-backed securities with usufruct of Zaozhuang Mining power generation charges	35,007,200.95		35,007,200.95	35,007,200.95		35,007,200.95
Bond investment	155,213,357.07		155,213,357.07			
Total	**1,894,615,558.02**		**1,894,615,558.02**	**2,438,722,200.95**		**2,438,722,200.95**

21.Creditor's right investment

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Entrusted loan	190,000,000.00	190,000,000.00		190,000,000.00	190,000,000.00	
Glastone bonds	158,013,450.00	86,781,990.00	71,231,460.00	153,855,450.00	84,498,390.00	69,357,060.00
Total	**348,013,450.00**	**276,781,990.00**	**71,231,460.00**	**343,855,450.00**	**274,498,390.00**	**69,357,060.00**

22.Long-term receivables

Item	December 31, 2020		
	Book balance	Bad-debt provision	Book value
Payment for financing lease	2,756,276,453.76	174,503,853.72	2,581,772,600.04
Where: unrealized financing income	580,719,092.18		580,719,092.18
Selling goods in installment	2,563,207.49		2,563,207.49
Subscription for secondary-asset-backed special plan	35,000,000.00		35,000,000.00
Middlemount Mine Joint venture	676,084,569.24		676,084,569.24
Mining right	711,288,660.49		711,288,660.49
Cash deposit	156,122,000.00		156,122,000.00
Others	187,514,433.53		187,514,433.53
Total	**4,524,849,324.51**	**174,503,853.72**	**4,350,345,470.79**

(Continued)

Item	December 31, 2019		
	Book balance	Bad-debt provision	Book value
Payment for financing lease	1,995,022,222.40	124,891,226.01	1,870,130,996.39
Where: unrealized financing income	416,721,385.05		416,721,385.05
Selling goods in installment			
Subscription for secondary-asset-backed special plan	35,000,000.00		35,000,000.00
Middlemount Mine Joint venture	989,900,919.82		989,900,919.82
Mining right	588,191,966.56		588,191,966.56
Cash deposit	163,022,000.00		163,022,000.00
Watagan Mining Company	4,398,756,034.05		4,398,756,034.05
Subscribe for debt-backed securities under Longkou Mining Power and Heat Supply Contract	60,000,000.00		60,000,000.00
Others	5,080,226.10		5,080,226.10

Item	December 31, 2019		
	Book balance	Bad-debt provision	Book value
Total	**8,234,973,368.93**	**124,891,226.01**	**8,110,082,142.92**

Note 1: Yancoal Australia affiliated to Yanzhou Coal, a subsidiary of the Company, incorporated Watagan Mining Co., Ltd. (hereinafter referred to as Watagan) into the merger on December 16, 2020, and the balance at the beginning of the year decreased due to the merger.

Note 2: Gloucester Coal Co., Ltd., a subsidiary of Yanzhou Coal, provided a long-term loan to Middlemount Mine Joint venture (hereinafter referred to as Middlemount Mine) with a par value of AUD212 million. On October 5, 2020, Middlemount Mine shareholders agreed to reset the interest-free period of the loan to December 31, 2025. As of December 31, 2020, the loan was revalued to A $135 million, equivalent to RMB 676.09 million, and the difference after tax was AUD54 million, equivalent to RMB 266.91 million, which was counted to the long-term equity investment in Middlemount Mine.

23.Long-term equity investment

(1) Classification of long-term equity investment

Item	December 31, 2020	December 31, 2019
Investment in subsidiaries	3,212,884,150.95	2,467,229,209.05
Investment in joint ventures	2,589,963,387.25	1,019,209,729.40
Investment in associated enterprises	28,212,128,773.18	22,188,198,574.12
Subtotal	34,014,976,311.38	25,674,637,512.57
Minus: provision for impairment of long-term equity investment	3,378,065,996.92	3,133,299,145.13
Total	**30,636,910,314.46**	**22,541,338,367.44**

(2) Details of major long-term equity investments

Invested entity	Balance on December 31, 2019	Increase or decrease in 2020			
		Additional investment	Negative investment	Gains and losses on investment recognized by equity method	Adjustment of other comprehensive income
Subsidiaries not included in the scope of consolidation:					
Longkou Liuhai Mining Industry Co., Ltd.	40,667,400.00				
Rizhao Zhongxing Wood Industry Co., Ltd.					
Shandong Energy Hulun Buir Energy Chemical Equipment Manufacturing Co., Ltd.	50,000,000.00				
Yantai Dachuan Glass Grinding Tool Co., Ltd.	1,712,141.51				
Qufu Gas Station	500,000.00				
Shandong Kangyuantang Traditional Chinese Medicine Decoction Pieces Co., Ltd.					
Ji'ning Mingzhu New Building Materials Co., Ltd.	4,386,000.00				
Shandong Tianzhuang Coal Mine Co., Ltd.					
Shandong Wusuotun Shengjian Coal Mine					
Shandong Jixi Shengjian Coal Mine	20,000,000.00				
Shandong Tengdong Shengjian Coal Mine	10,000,000.00				
Chengcheng County Shijiapo Coal Mining Co., Ltd.	268,966,038.17				
Shandong Coal Mining Development Corporation	12,695,741.03				
Yankuang Yishan Chemical Co., Ltd.	237,878,178.06				
Yankuang Lunan Chemical Fertilizer Plant	1,461,527,887.82				
Yankuang Ke'ao Aluminum Co., Ltd.	297,810,000.00				

Invested entity	Balance on December 31, 2019	Increase or decrease in 2020			
		Additional investment	Negative investment	Gains and losses on investment recognized by equity method	Adjustment of other comprehensive income
Shandong Yankuang Carbon Products Co., Ltd.	96,070,000.00				
Yanri Coal Water Slurry Co., Ltd.	22,504,227.46				
Yanzhou Taixing Company	1,300,000.00				
Shandong Yanshan Flaw Detection Machine Factory	252,765.91				
Shandong Antai Chemical Engineering Technical Service Center	100,000.00				
Yankuang Donghua Logistics Co., Ltd.	200,000,000.00				
Shanxi Tianhao Chemical Industry Co., Ltd.	149,786,149.80				
Yankuang Group Dalu Machinery Co., Ltd.					
Yankuang Aluminum International Trading Co., Ltd.					
Shandong Yankuang Aluminum-use Anode Co., Ltd.					
Major joint ventures:					
Shanghai Kaiheng Real Estate Development Co., Ltd.	465,934,391.42			-50,616,206.95	
Middlemount Joint Venture	425,862,714.66			-302,415,667.20	
Xiamen Zhaolimao Real Estate Development Co., Ltd.	433,378,494.54			-50,310,443.62	
State Grid Tai'an Thermal Power Co., Ltd.	132,841,231.77	169,932,000.00		33,118,852.43	
Shanghai Yinxiang Real Estate Co., Ltd.	328,459,651.24			-13,788,703.26	
Qinghai Jiangcang Energy Development Co., Ltd.	275,431,161.99			2,893,246.69	

Invested entity	Balance on December 31, 2019	Increase or decrease in 2020			
		Additional investment	Negative investment	Gains and losses on investment recognized by equity method	Adjustment of other comprehensive income
Shandong PKU Healthcare Group Zaozhuang Mining Hospital Management Co., Ltd.	203,223,892.64			3,898,656.56	
Huaneng Supply Chain Platform Technology Co., Ltd.	40,163,701.09			6,757,959.33	
Shengdi Fenlei Coal Preparation Technology (Tianjin) Co., Ltd.	28,290,129.87			959,562.17	
China Energy Conservation (Feicheng) Biomass Energy Thermal Power Co., Ltd.	26,839,364.60			581,905.83	
Tai'an Ferrit Machinery Co., Ltd.	22,768,385.08			3,673,009.82	
Shandong Liangda Faxing Round-link Chain Co., Ltd.	19,575,744.73			8,039.25	
JinanJinlin Properties Co., Ltd.		14,699,753.80		-154,795.29	
Major associated enterprises:					
China Zheshang Bank Co., Ltd.	5,185,670,364.81			540,365,100.00	-88,107,300.00
Inner Mongolia Jinlian Aluminum Material Co., Ltd.					
Linshang Bank Co., Ltd.	2,247,035,430.87			90,083,150.47	141,412.09
Zhongtai Securities Company Limited				42,769,649.08	
Inner Mongolia Yitai Zhundong Railway Co., Ltd.	2,177,992,313.15			37,802,775.57	
Qilu Bank Co., Ltd.	1,797,673,720.27			218,379,782.53	-64,679,742.05
Guizhou Ansheng Energy Co., Ltd.					
IVD Medical Holding Limited	1,071,081,144.79			53,105,491.88	-6,984,100.72
Huadian Zouxian Power Generation Co., Ltd.	1,029,770,818.96			41,539,598.59	
Inner Mongolia Yakeshi Coal Group Co., Ltd.				10,408,660.46	

Invested entity	Balance on December 31, 2019	Increase or decrease in 2020			
		Additional investment	Negative investment	Gains and losses on investment recognized by equity method	Adjustment of other comprehensive income
Port Warratah Coal Services	895,347,016.26			23,450,916.59	
Ordos Yiding Eco-agriculture Development Co., Ltd.	741,960,583.87			42,825,049.91	
Yili Xintian Coal Chemical Co., Ltd.	703,839,440.99			-351,602,600.00	
Yankuang Xinlicheng Hospital Management Co., Ltd.	267,542,629.31			33,056,386.21	
Zaozhuang Rural Commercial Bank Co., Ltd.	294,250,750.44			9,126,685.98	
Shandong Dongyue Taiheng Development Co., Ltd.	211,421,695.39			14,573,588.64	
Shanghai Ruitao Real Estate Development Co., Ltd.	189,872,347.43			518,185.60	
Shandong Wendeng Osteopathy Yantai Hospital Co., Ltd.	192,571,583.93	1,996,445.65		-27,346,554.12	
Shandong Jvhe Shunluhua New Material Co., Ltd.		140,000,000.00			
Ludi Kangyang (Ningxia) Equity Investment Fund (limited partnership)				-2,178.77	
Datang Yuncheng Power Generation Co., Ltd.	125,691,000.00				
Heze Yankuang Jingu Wenjing Equity Investment Fund Partnership	125,000,000.00			129,900.85	
Shandong Xinhua Lianhe Orthopedic Devices Co., Ltd.	90,598,466.66			-42,665.63	
Shandong Aoseya Jianyang Carbon Black Co., Ltd.	79,953,051.28			-18,941,743.28	
Shanghai Yikang Rehabilitation Hospital Stock Company	61,120,919.30			23,725.66	
Dongping Railway Co., Ltd.	59,390,127.05			-4,827,618.57	

Invested entity	Balance on December 31, 2019	Increase or decrease in 2020			
		Additional investment	Negative investment	Gains and losses on investment recognized by equity method	Adjustment of other comprehensive income
Inner Mongolia Yuxing Mining Co., Ltd.	50,000,000.00				
Zhongrui Mine Equipment Manufacturing Co., Ltd.	40,000,000.00			1,158,270.04	
Shandong Xinma Pharmaceutical Equipment Co., Ltd.	27,629,229.49			8,983,043.38	
Shandong Luhua Senxuan New Material Co., Ltd.	22,019,727.51			9,447,397.56	
Shandong International Bulk Commodity Trading Market		30,000,000.00			
Shandong Taishan Energy Co., Ltd.	72,923,898.44			-44,136,760.88	
Changsha Changheng Rehabilitation Hospital Co., Ltd.	28,803,256.82				
Tangshan Hongxin Hospital Co., Ltd.	28,711,851.10			-790,632.25	
Inner Mongolia Xineng Energy Co., Ltd.					
Shantui Yankuang Engineering Machinery Co., Ltd.	25,261,753.77			13,616.60	
Beijing Ronglu Machinery Product Remanufacturing Technology Co., Ltd.	25,554,615.37			-1,971,485.38	
Inner Mongolia Huomei Jinlian Mining Industry Co., Ltd.					
Xiangyin Huaya Hospital Co., Ltd.	13,758,499.60			70,508.36	
Shandong Hengtai Vehicle Axle Co., Ltd.	12,254,948.92			950,810.10	
Inner Mongolia Dongneng Energy Co., Ltd.					
Zaozhuang Mining Group Zaozhuang Hospital					
Shandong Yanmei Property Service Co., Ltd.	8,255,158.50			2,321,667.11	

Invested entity	Balance on December 31, 2019	Increase or decrease in 2020			
		Additional investment	Negative investment	Gains and losses on investment recognized by equity method	Adjustment of other comprehensive income
Ordos Shanghaimiao Yingjun Environmental Protection Technology Co., Ltd.	10,000,000.00				

(Continued)

Invested entity	Increase or decrease in 2020			Others	Balance on December 31, 2020	impairment provision on December 31, 2020
	Other changes in equity	Declare distribution of cash dividends or profits	Provision for impairment accrued			
Subsidiaries not included in the scope of consolidation:						
Longkou Liuhai Mining Industry Co., Ltd.					40,667,400.00	40,667,400.00
Rizhao Zhongxing Wood Industry Co., Ltd.				60,200,000.00	60,200,000.00	60,200,000.00
Shandong Energy Hulun Buir Energy Chemical Equipment Manufacturing Co., Ltd.					50,000,000.00	50,000,000.00
Yantai Dachuan Glass Grinding Tool Co., Ltd.					1,712,141.51	1,712,141.51
Qufu Gas Station					500,000.00	500,000.00
Shandong Kangyuantang Traditional Chinese Medicine Decoction Pieces Co., Ltd.				18,519,060.00	18,519,060.00	
Ji'ning Mingzhu New Building Materials Co., Ltd.					4,386,000.00	4,386,000.00
Shandong Tianzhuang Coal Mine Co., Ltd.			41,761,622.63	41,761,622.63	41,761,622.63	41,761,622.63
Shandong Wusuotun Shengjian Coal Mine			404,527,953.38	404,527,953.38	404,527,953.38	404,527,953.38
Shandong Jixi Shengjian Coal Mine				-20,000,000.00		
Shandong Tengdong Shengjian Coal Mine				-10,000,000.00		
Chengcheng County Shijiapo Coal Mining Co., Ltd.				-268,966,038.17		
Shandong Coal Mining Development Corporation				-12,695,741.03		
Yankuang Yishan Chemical Co., Ltd.					237,878,178.06	237,878,178.06
Yankuang Lunan Chemical Fertilizer Plant					1,461,527,887.82	1,461,527,887.82
Yankuang Ke'ao Aluminum Co., Ltd.					297,810,000.00	297,810,000.00

Invested entity	Increase or decrease in 2020			Others	Balance on December 31, 2020	impairment provision on December 31, 2020
	Other changes in equity	Declare distribution of cash dividends or profits	Provision for impairment accrued			
Shandong Yankuang Carbon Products Co., Ltd.					96,070,000.00	96,070,000.00
Yanri Coal Water Slurry Co., Ltd.					22,504,227.46	22,504,227.46
Yanzhou Taixing Company					1,300,000.00	1,300,000.00
Shandong Yanshan Flaw Detection Machine Factory					252,765.91	252,765.91
Shandong Antai Chemical Engineering Technical Service Center					100,000.00	100,000.00
Yankuang Donghua Logistics Co., Ltd.					200,000,000.00	200,000,000.00
Shanxi Tianhao Chemical Industry Co., Ltd.					149,786,149.80	149,786,149.80
Yankuang Group Dalu Machinery Co., Ltd.			39,844,930.46	39,844,930.46	39,844,930.46	39,844,930.46
Yankuang Aluminum International Trading Co., Ltd.			200,000,000.00	200,000,000.00	200,000,000.00	200,000,000.00
Shandong Yankuang Aluminum-making Anode Co., Ltd.			74,347,500.00	74,347,500.00	74,347,500.00	74,347,500.00
Major joint ventures:						
Shanghai Kaiheng Real Estate Development Co., Ltd.					415,318,184.47	
Middlemount Joint Venture	266,905,790.87			11,015,035.56	401,367,873.89	
Xiamen Zhaolimao Real Estate Development Co., Ltd.					383,068,050.92	
State Grid Tai'an Thermal Power Co., Ltd.					335,892,084.20	
Shanghai Yinxiang Real Estate Co., Ltd.					314,670,947.98	
Qinghai Jiangcang Energy Development Co., Ltd.					278,324,408.68	
Shandong PKU Healthcare Group Zaozhuang Mining Hospital Management Co., Ltd.					207,122,549.20	
Huaneng Supply Chain Platform Technology Co., Ltd.					46,921,660.42	
Shengdi Fenlei Coal Preparation Technology (Tianjin) Co., Ltd.					29,249,692.04	
China Energy Conservation (Feicheng) Biomass Energy Thermal Power Co., Ltd.					27,421,270.43	
Tai'an Ferrit Machinery Co., Ltd.					26,441,394.90	
Shandong Liangda Faxing Round-link Chain Co., Ltd.					19,583,783.98	

Invested entity	Increase or decrease in 2020			Others	Balance on December 31, 2020	impairment provision on December 31, 2020
	Other changes in equity	Declare distribution of cash dividends or profits	Provision for impairment accrued			
JinanJinlin Properties Co., Ltd.					14,544,958.51	
Major associated enterprises:						
China Zheshang Bank Co., Ltd.				-522,282,359.61	5,115,645,805.20	
Inner Mongolia Jinlian Aluminum Material Co., Ltd.				3,910,912,200.00	3,910,912,200.00	
Linshang Bank Co., Ltd.					2,337,259,993.43	
Zhongtai Securities Company Limited				1,426,504,000.00	3,355,270,666.81	
Inner Mongolia Yitai Zhundong Railway Co., Ltd.		-100,000,000.00			2,115,795,088.72	
Qilu Bank Co., Ltd.	15,564,584.72	-56,099,240.00			1,910,839,105.47	
Guizhou Ansheng Energy Co., Ltd.				1,647,396,410.00	1,647,396,410.00	
IVD Medical Holding Limited	8,909,929.17	-28,445,096.98			1,097,667,368.14	
Huadian Zouxian Power Generation Co., Ltd.		-14,780,692.94			1,056,529,724.61	
Inner Mongolia Yakeshi Coal Group Co., Ltd.				927,513,087.80	937,921,748.26	
Port Warratah Coal Services	-400,950.74	-52,275,168.00		23,807,440.92	889,929,255.03	
Ordos Yiding Eco-agriculture Development Co., Ltd.					784,785,633.78	
Yili Xintian Coal Chemical Co., Ltd.					352,236,840.99	
Yankuang Xinlicheng Hospital Management Co., Ltd.					300,599,015.52	
Zaozhuang Rural Commercial Bank Co., Ltd.	1,157,146.76	- 9,180,900.00			295,353,683.18	
Shandong Dongyue Taiheng Development Co., Ltd.					225,995,284.03	
Shanghai Ruitao Real Estate Development Co., Ltd.					190,390,533.03	
Shandong Wendeng Osteopathy Yantai Hospital Co., Ltd.					167,221,475.46	
Shandong Jvhe Shunluhua New Material Co., Ltd.					140,000,000.00	
Ludi Kangyang (Ningxia) Equity Investment Fund (limited partnership)				136,960,311.52	136,958,132.75	
Datang Yuncheng Power Generation Co., Ltd.					125,691,000.00	
Heze Yankuang Jingu Wenjing Equity Investment Fund Partnership					125,129,900.85	

Invested entity	Increase or decrease in 2020			Others	Balance on December 31, 2020	impairment provision on December 31, 2020
	Other changes in equity	Declare distribution of cash dividends or profits	Provision for impairment accrued			
Shandong Xinhua Lianhe Orthopedic Devices Co., Ltd.					90,555,801.03	
Shandong Aoseya Jianyang Carbon Black Co., Ltd.	210,995.87				61,222,303.87	
Shanghai Yikang Rehabilitation Hospital Co., Ltd.					61,144,644.96	
Dongping Railway Co., Ltd.					54,562,508.48	
Inner Mongolia Yuxing Mining Co., Ltd.					50,000,000.00	
Zhongrui Mine Equipment Manufacturing Co., Ltd.					41,158,270.04	
Shandong Xinma Pharmaceutical Equipment Co., Ltd.		-1,144,555.37			35,467,717.50	
Shandong Luhua Senxuan New Material Co., Ltd.	-254,382.17				31,212,742.90	
Shandong International Bulk Commodity Trading Market					30,000,000.00	
Shandong Taishan Energy Co., Ltd.				511,771.33	29,298,908.89	
Changsha Changheng Rehabilitation Hospital Co., Ltd.					28,803,256.82	28,803,256.82
Tangshan Hongxin Hospital Co., Ltd.					27,921,218.85	
Inner Mongolia Xineng Energy Co., Ltd.				25,485,494.57	25,485,494.57	
Shantui Yankuang Engineering Machinery Co., Ltd.					25,275,370.37	
Beijing Ronglu Machinery Product Remanufacturing Technology Co., Ltd.					23,583,129.99	
Inner Mongolia Huomei Jinlian Mining Industry Co., Ltd.				19,499,184.56	25,656,813.45	6,157,628.89
Xiangyin Huaya Hospital Co., Ltd.					13,829,007.96	10,890,153.72
Shandong Hengtai Vehicle Axle Co., Ltd.					13,205,759.02	
Inner Mongolia Dongneng Energy Co., Ltd.				11,383,836.72	11,383,836.72	
Zaozhuang Mining Group Zaozhuang Hospital				11,103,953.78	11,103,953.78	
Shandong Yanmei Property Service Co., Ltd.					10,576,825.61	
Ordos Shanghaimiao Yingjun Environmental Protection Technology Co., Ltd.					10,000,000.00	

24.Investment in other equity instruments

Item	December 31, 2020	December 31, 2019
Beijing Hanqi High-tech Investment Management Co., Ltd.		1,755,000.00
Zibo Xinhua Traditional Chinese Medicine Hospital Management Co., Ltd.	3,000,000.00	3,000,000.00
Chongqing Jinpu Medical Health Service Industry Equity Investment Fund Partnership (Limited Partnership)	50,000,000.00	50,000,000.00
Shanghai Jinpu Jianfu Equity Investment Management Co., Ltd.	60,000.00	60,000.00
Shandong Xinhua Hospital Management Co., Ltd.		34,080,000.00
Ningbo Meishan Bonded Port Area Daxin Xinhua Medical Investment Partnership	17,183,043.12	18,361,444.76
Shanghai Jvlikang Investment Co., Ltd.	1,500,000.00	1,500,000.00
Shandong Xinhua Puyang Bio-tech Co., Ltd.	2,000,000.00	2,000,000.00
Chengdu Bank Co., Ltd.	4,535,817.00	3,855,657.00
Yunnan Chenwei Zhongde Healthcare Management Co., Ltd.	218,537,414.96	218,537,414.96
Jiangsu Lianyungang Port Co., Ltd.	387,198.49	349,464.87
Shandong Zoucheng Jianxin Rural Bank Co., Ltd.	4,273,828.30	4,274,520.03
Beijing Hanqi High-tech Investment Management Co., Ltd.	1,755,000.00	
Inner Mongolia Zhongsheng Technology Co., Ltd.	37,955,705.28	
Shaanxi Zhenghua Information Technology Co., Ltd.	18,625,757.50	
Zhongfeng Chemistry Co., Ltd.	10,366,024.23	
Jinan Jinkui JianLian Traditional Chinese Medicine Co., Ltd.	47,500.00	
Total	**370,227,288.88**	**337,773,501.62**

25.Other non-current financial assets

Item	December 31, 2020	December 31, 2019
Special usufruct	1,009,561,927.53	1,003,145,881.27
Non-contingent royalties		19,406,207.68
Ordos Southern Railway Co., Ltd.	87,397,371.44	66,030,442.18
Hangzhou CRRC Shidai Venture Capital Partnership (Limited Partnership)	56,377,000.00	56,065,400.00
Shanghai Jichen Enterprise Management Partnership (Limited Partnership)	30,000,000.00	30,000,000.00
Shandong Huiyuan Huajian Healthcare Investment Partnership (Limited Partnership)	18,000,000.00	
Shaanxi Jingshen Railway Co., Ltd.	173,281,637.11	
Yulin Yuyang District Coal Mine Dewatering Environmental Governance Co., Ltd.	82,530,000.00	
Total	**1,457,147,936.08**	**1,174,647,931.13**

26.Investment real estate

(1) Measured at cost

Item	December 31, 2019	Increase	Decrease	December 31, 2020
Total original book value	**590,133,767.20**	**449,350,777.32**	**128,667,100.51**	**1,039,484,544.52**
Houses and buildings	588,651,019.34	419,556,475.83	128,667,100.51	1,008,207,495.17
Land use right	1,482,747.86	29,794,301.49		31,277,049.35
Total accumulated depreciation and accumulated amortization	**101,145,647.29**	**233,775,337.44**	**11,008,651.67**	**334,920,984.73**
Houses and buildings	100,769,436.24	229,832,619.51	11,008,651.67	330,602,055.75
Land use right	376,211.05	3,942,717.93		4,318,928.98
Total net book value	**488,988,119.91**	**215,575,439.88**	**117,658,448.84**	**704,563,559.79**
Houses and buildings	487,881,583.10	189,723,856.32	117,658,448.84	677,605,439.42
Land use right	1,106,536.81	25,851,583.56		26,958,120.37
Total impairment provision				
Houses and buildings				
Land use right				
Total book value	**488,988,119.91**	**215,575,439.88**	**117,658,448.84**	**704,563,559.79**
Houses and buildings	487,881,583.10	189,723,856.32	117,658,448.84	677,605,439.42
Land use right	1,106,536.81	25,851,583.56		26,958,120.37

(2) Measured at fair value

Item	December 31, 2019	Increase	
		Self-use real estate or inventory transfer-in	Gains and losses in changes of fair value
Sum of costs	**370,199,238.32**	**1,151,596,069.93**	**132,816,487.63**
Houses and buildings	346,604,213.75	1,151,596,069.93	132,816,487.63
Land use right	23,595,024.57		
Total changes of fair value	**1,271,022,268.18**		**857,744.00**
Houses and buildings	1,271,022,268.18		857,744.00
Land use right			
Total book value	**1,641,221,506.50**	**1,151,596,069.93**	**133,674,231.63**
Houses and buildings	1,617,626,481.93	1,151,596,069.93	133,674,231.63
Land use right	23,595,024.57		

(Continued)

Item	Decrease		December 31, 2020
	Disposal	Transfer to self-use real estate	
Sum of costs	**17,551,508.12**	**610,065.11**	**1,636,450,222.65**
Houses and buildings	17,551,508.12	610,065.11	1,612,855,198.08
Land use right			23,595,024.57
Total changes of fair value			**1,271,880,012.18**
Houses and buildings			**1,271,880,012.18**
Land use right			
Total book value	**17,551,508.12**	**610,065.11**	**2,908,330,234.83**
Houses and buildings	17,551,508.12	610,065.11	2,884,735,210.26
Land use right			23,595,024.57

27.Fixed assets

Item	December 31, 2020	December 31, 2019
Fixed assets	168,281,882,666.49	163,383,446,173.15
Liquidation of fixed assets	242,051,431.75	241,308,532.00
Total	**168,523,934,098.24**	**163,614,111,063.50**

(1) For fixed assets

Item	December 31, 2019	Increase	Decrease	Foreign currency translation difference	December 31, 2020
Total original book value	**291,385,620,031.03**	**34,382,900,220.07**	**28,183,592,973.08**	**832,812,805.20**	**298,417,740,083.22**
Land assets	1,131,689,248.59	518,675,059.32	744,600.00	35,795,977.96	1,685,415,685.87
Houses and buildings	149,344,548,504.55	4,710,587,555.58	10,742,318,916.53	325,373,954.42	143,638,191,098.02
Machinery equipment	122,679,043,590.11	26,985,686,917.28	13,078,871,907.19	471,652,267.44	137,057,510,867.64
Means of transport	4,757,971,984.05	377,855,523.53	578,053,274.66	-9,394.63	4,557,764,838.30
Others	13,472,366,703.73	1,790,095,164.36	3,783,604,274.70		11,478,857,593.39
Total accumulated depreciation	**125,873,994,439.21**	**17,162,654,092.67**	**14,981,918,587.51**	**392,800,343.56**	**128,447,530,287.93**
Land assets					
Houses and buildings	49,802,965,135.83	1,402,759,021.28	2,760,998,851.46	98,047,031.73	48,542,772,337.38
Machinery equipment	62,217,045,585.82	13,954,168,304.78	7,444,017,592.41	294,760,757.75	69,021,957,055.94
Means of transport	3,771,514,828.98	351,055,116.91	1,381,894,606.78	-7,445.92	2,740,667,893.19
Others	10,082,468,888.58	1,454,671,649.70	3,395,007,536.86		8,142,133,001.42

Item	December 31, 2019	Increase	Decrease	Foreign currency translation difference	December 31, 2020
Total net book value	**165,511,625,591.82**				**169,970,209,795.29**
Land assets	1,131,689,248.59				1,685,415,685.87
Houses and buildings	99,541,583,368.72				95,095,418,760.64
Machinery equipment	60,461,998,004.29				68,035,553,811.70
Means of transport	986,457,155.07				1,817,096,945.11
Others	3,389,897,815.15				3,336,724,591.97
Total impairment provision	**2,138,823,060.32**	**146,348,886.11**	**596,844,817.63**		**1,688,327,128.80**
Land assets					
Houses and buildings	1,652,280,948.23	76,658,828.46	474,067,570.62		1,254,872,206.07
Machinery equipment	445,942,499.45	62,519,015.55	100,368,195.42		408,093,319.58
Means of transport	11,398,089.39	1,090,229.47	10,451,105.48		2,037,213.38
Others	29,201,523.25	6,080,812.63	11,957,946.11		23,324,389.77
Total book value	**163,372,802,531.50**				**168,281,882,666.49**
Land assets	1,131,689,248.59				1,685,415,685.87
Houses and buildings	97,889,302,420.49				93,840,546,554.57
Machinery equipment	60,016,055,504.84				67,627,460,492.12
Means of transport	975,059,065.68				1,815,059,731.73
Others	3,360,696,291.90				3,313,400,202.20

(2) Liquidation of fixed assets

Item	December 31, 2020	December 31, 2019
Machinery equipment	241,551,274.65	240,204,872.23
Others	500,157.10	1,103,659.77
Total	**242,051,431.75**	**241,308,532.00**

28.Construction in Progress

Item	December 31, 2020	December 31, 2019
Construction in Progress	68,397,970,958.44	65,311,588,008.50
Minus: provision for impairment of Construction in Progress	1,169,770,355.41	2,445,014,200.63

Item	December 31, 2020	December 31, 2019
Engineering materials	38,009,141.11	92,454,956.32
Total	**67,266,209,744.14**	**62,959,028,764.19**

(1) Main engineering projects

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Yanzhou Coal Industry:						
Canadian Potash Mine	1,848,794,696.52		1,848,794,696.52	1,921,695,311.44		1,921,695,311.44
Wanfu Coal Mine	3,815,884,878.10		3,815,884,878.10	3,170,131,598.39		3,170,131,598.39
Rongxin Methanol Factory Phase 2	5,818,022,637.21		5,818,022,637.21	5,836,642,537.30		5,836,642,537.30
Yulin Methanol Plant Phase 2	3,502,603,751.71		3,502,603,751.71	2,928,108,632.49		2,928,108,632.49
300,000 tons/year caprolactam project	1,524,917,664.80		1,524,917,664.80			-
Xinwen Mining Group:						-
Acheng Shaft (Acheng)	1,430,178,353.47		1,430,178,353.47	1,487,748,745.57		1,487,748,745.57
Yili Mine No.1	3,388,717,696.34		3,388,717,696.34	3,757,076,291.16		3,757,076,291.16
Construction of coal preparation plant	295,630,451.99		295,630,451.99	138,313,535.39		138,313,535.39
Reconstruction and expansion project of Changcheng No.1 mine and coal preparation plant	1,400,330,774.40		1,400,330,774.40	1,477,893,424.83		1,477,893,424.83
Reconstruction and expansion project of Changcheng No.2 Mine t	2,485,289,669.19		2,485,289,669.19	2,185,276,954.70		2,185,276,954.70
Mine construction of Changcheng No.3 Mine (Shazhangtu)	4,100,108,122.47		4,100,108,122.47	4,045,833,086.22		4,045,833,086.22
Heiliang Shaft	3,162,366,308.00		3,162,366,308.00	3,704,472,085.56		3,704,472,085.56
Hengshanbao Coal Shaft	1,762,603,973.93		1,762,603,973.93	1,970,581,470.12		1,970,581,470.12
Luxin Energy Mine Construction Project	3,457,819,329.83		3,457,819,329.83	3,862,797,286.26		3,862,797,286.26
Coking Phase II	410,618,070.79		410,618,070.79	462,279,041.35		462,279,041.35
Zibo Mining Group:						-
Shaozhai Coal Mine	2,769,239,412.19	723,834,271.81	2,045,405,140.38	1,656,866,151.78	723,834,271.81	933,031,879.97
Hangjin Youfanghao Coal Mine	606,635,462.64		606,635,462.64	589,086,138.80		589,086,138.80
Yangjiaping Mine Project (Pingmei Chang 'an)	379,883,386.32	6,078,390.00	373,804,996.32			-
Zhengtong western air shaft	317,081,277.09		317,081,277.09	140,703,316.80		140,703,316.80

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Huangtaolegai Bayangaole west air shaft,	301,022,120.06		301,022,120.06	132,195,917.32		132,195,917.32
Zhengtong Technical Transformation Project	288,828,791.36		288,828,791.36	327,175,648.01		327,175,648.01
Xinsheng Industrial Sapphire Project	234,964,197.07		234,964,197.07	221,189,674.28		221,189,674.28
Xinsheng Industry 30,000-tons New Material Industrial Park	172,139,626.08		172,139,626.08	110,472,480.05		110,472,480.05
Xinsheng Industry Halogen-free Flame Retardant Project	118,805,808.49		118,805,808.49	101,036,854.13		101,036,854.13
Fangda Engineering Hangxiao Prefabricated Steel Structure Construction Project	99,118,044.84		99,118,044.84	143,347,641.34		143,347,641.34
Linyi Mining Group:						
Fenghuangshan mine construction	714,942,639.85		714,942,639.85	711,799,339.88		711,799,339.88
Yushujing mine construction project	445,633,760.50		445,633,760.50	392,369,179.04		392,369,179.04
No.1 Mine Roadway Development Engineering	328,598,939.26		328,598,939.26	141,871,321.02		141,871,321.02
11 coal mining technology renovation projects	111,729,531.24		111,729,531.24			
Infrastructure Project of Yingjun Coal Mine No.3	56,470,667.10		56,470,667.10	269,407.18		269,407.18
Shanghaimiao Dispatching Center	43,140,270.19		43,140,270.19	43,140,270.19		43,140,270.19
Reconstruction Project of Huibaoling Iron Mine	25,955,443.54		25,955,443.54	23,681,999.60		23,681,999.60
Reconstruction and expansion of glass fiber cogeneration	825,304.98		825,304.98	43,751,282.50		43,751,282.50
Longkou Mining Group:						-
Lilou Coal Mining Area Construction Project	195,187,653.94		195,187,653.94	75,692,480.14		75,692,480.14
Guizhou Mining Industry:						-
Shentian Coal Mine Construction Project	640,892,394.89	126,981,623.89	513,910,771.00	575,297,248.11	126,981,623.89	448,315,624.22
Overall exploration of coal resources in Qingzhen	332,602,419.75	19,061,315.91	313,541,103.84	311,736,258.72	19,061,315.91	292,674,942.81
Feicheng Mining Group Xingyang Mining	240,072,873.07	125,390,201.42	114,682,671.65	218,149,486.71	125,390,201.42	92,759,285.29

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction Project						
Technical renovation project of Niuchang Coal Mine	114,410,083.99		114,410,083.99	107,358,615.09		107,358,615.09
Lvtang Coal Mine Construction Project	43,442,902.29		43,442,902.29	717,898.68		717,898.68
Zaozhuang Mining Group:						-
Fuyuan Low Calorific Value Project Phase II	1,689,128,241.18		1,689,128,241.18	1,361,131,548.04		1,361,131,548.04
Mine Project under Construction in Jinyuan Coal Mine	664,907,930.63	5,160,101.22	659,747,829.41	524,200,777.14	5,160,101.22	519,040,675.92
EPC general contracting for dry quenching and waste heat power generation of 5.5 m coke oven in Shenglong Chemical Industry	133,035,415.96		133,035,415.96			-
Sanhekou Lower Group coal project	34,471,638.57	34,471,638.57		34,471,638.57	34,471,638.57	-
Technical transformation project of Qiwu Coal Preparation Plant	29,829,322.22		29,829,322.22			-
Return air roadway in No.1 mining area of Sanhekou Coal Mine	29,763,520.91		29,763,520.91	12,561,357.13		12,561,357.13
Track Roadway in No.1 mining section of Sanhekou Coal Mine	19,842,347.24		19,842,347.24	10,795,602.42		10,795,602.42
Tengdong Shengjia Coal Mine projects of main shaft bunker, waste rock bunker of the third mining area, etc.	19,150,098.71	18,643,147.90	506,950.81	59,578,768.79	18,643,147.90	40,935,620.89
Civil work of Hongda Chemical Industry	14,460,520.00		14,460,520.00			-
Qingsheng Thermal Lignite Upgrading Project	11,124,922.45	10,094,096.76	1,030,825.69	10,094,096.76		10,094,096.76
Development Project of Jinzhengtai Mining Area No.2	10,118,116.53		10,118,116.53	10,118,116.53		10,118,116.53
Sanhekou technical renovation and joint construction project	9,312,757.80		9,312,757.80	15,560,777.44		15,560,777.44
Shenglu Energy & Chemical:						-
Power plant infrastructure project - power generation project	138,300,578.23		138,300,578.23	1,677,548,789.63		1,677,548,789.63

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
of 2×1000MW ultra-supercritical air-cooled unit in Shenglu Power Plant						
400MW Alashan wind power project	34,530,355.16		34,530,355.16	25,062,635.58		25,062,635.58
100MW Ordos wind power project	9,522,187.59		9,522,187.59	6,277,701.16		6,277,701.16
Feicheng Mining Group:						-
Heze Julong 100,000 ton/year methanol project	646,206,596.99		646,206,596.99	648,945,118.64		648,945,118.64
Coal resources exploration project in the east section of North Hushan Coal Basin in Chenbaerhuqi				159,986,752.85		159,986,752.85
Yuxian Antai Coal Mine				79,661,894.38	27,223,849.93	52,438,044.45
Baian Coal Mine in Yuxian County				56,760,786.09	25,245,634.16	31,515,151.93
Juxing Chemical 100,000 ton/year Cyclohexanone Project	33,875,125.02	1,690,051.43	32,185,073.59	36,410,333.92	1,690,051.43	34,720,282.49
Coal exploration project in Wanlouji Exploration Area of Caoxian Coalfield				24,376,002.45		24,376,002.45
Heavy Equipment Group:						
Laiwu Equipment Kouzhen High-end Equipment Manufacturing Base	623,755,997.38		623,755,997.38	569,944,311.30		569,944,311.30
Yan 'an logistics project	151,691,610.74		151,691,610.74	147,279,658.54		147,279,658.54
Photovoltaic power generation project	50,427,365.57		50,427,365.57	17,127,573.34		17,127,573.34
High efficiency pulverized coal boiler project	41,123,944.46		41,123,944.46	42,200,423.74		42,200,423.74
Taizhuang No.5 production workshop	22,683,165.11		22,683,165.11	20,630,992.71		20,630,992.71
Technical renovation project of environmental protection resin sand	19,240,053.47		19,240,053.47			
Reconstruction and expansion project of chemical machinery workshop	19,044,086.19		19,044,086.19	19,044,086.19		19,044,086.19
Guoxin Healthcare:						
Haiyi Tiancheng Club	1,957,016,886.06		1,957,016,886.06	1,957,016,886.06		1,957,016,886.06

Item	December 31, 2020			December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Relocation of PPP project of Leling People's Hospital of Shandong Province	786,983,175.42		786,983,175.42	601,141,898.36		601,141,898.36
Ludi Tianmu Hot Spring Phase I	237,563,124.97		237,563,124.97	209,184,476.27		209,184,476.27
New Construction Project of West Quarter of Zichuan District Hospital	200,696,873.26		200,696,873.26	179,665,278.63		179,665,278.63
Juye County People's Hospital Medical and Nursing Care Center Project	147,856,232.33		147,856,232.33	147,440,058.60		147,440,058.60
Office building project of Biopharmaceutical Equipment	53,399,607.47		53,399,607.47	52,579,277.76		52,579,277.76
Expenditures to be amortized for Ludi Tianmu	37,919,008.13		37,919,008.13	21,836,041.00		21,836,041.00
Dormitory Construction in E District of Xinhua Medical	15,019,303.05		15,019,303.05			
Coastal sightseeing belt and ecological restoration demonstration area	10,770,156.66		10,770,156.66	1,715,557.00		1,715,557.00
Electric Power Sales Company:						
Liaocheng Xiangguang 2×660,000 kW Cogeneration Project	569,522,170.44		569,522,170.44			
Feicheng Coal Industry:						
Pingliang Wuju Mine and Coal Preparation Plant	778,926,892.76		778,926,892.76			

(2) Engineering materials

Category	December 31, 2020	December 31, 2019
Special materials	29,524,310.52	69,308,103.23
Special equipment	11,039,779.40	23,724,885.33
Tools and appliances		212,240.02
Others		1,789,120.99
Minus: provision for impairment of engineering materials	2,554,948.81	2,579,393.25
Total	**38,009,141.11**	**92,454,956.32**

29.Productive biological assets

Item	December 31, 2020	December 31, 2019
I. Original book value	-	-
1. Opening balance	976,865.23	621,078.50
2. Increase in current period	243,971.63	1,619,673.82
3. Decrease in current period	685,049.09	872,014.27
4. Closing balance	535,787.77	1,368,738.05
II. Accumulated depreciation	-	-
1. Opening balance		179,710.52
2. Increase in current period		523,961.85
3. Decrease in current period		311,799.55
4. Closing balance		391,872.82
III. Provision for impairment		
1. Opening balance		
2. Increase in current period		
3. Decrease in current period		
4. Closing balance		
IV. Book value		
1. Closing book value	535,787.77	976,865.23
2. Opening book value	976,865.23	441,367.98

30.Right-of-use assets

Item	December 31, 2019	Increase	Decrease	Foreign currency translation Difference	December 31, 2020
Total original book value	**592,086,817.24**	**2,328,941,794.31**	**93,583,594.48**	**19,798,084.94**	**2,847,243,102.01**
Houses and buildings	16,401,621.68	203,325,782.07			219,727,403.75
Machinery equipment	575,685,195.56	2,116,270,777.24	93,583,594.48	19,798,084.94	2,618,170,463.26
Others		9,345,235.00			9,345,235.00
Total accumulated depreciation	**185,559,207.46**	**925,952,020.76**	**22,241,291.86**	**7,742,926.11**	**1,097,012,862.47**
Houses and buildings	7,923,023.64	12,032,657.13			19,955,680.77
Machinery equipment	177,636,183.82	913,919,363.63	22,241,291.86	7,742,926.11	1,077,057,181.70
Others					

Item	December 31, 2019	Increase	Decrease	Foreign currency translation Difference	December 31, 2020
Total net book value	**406,527,609.78**				**1,750,230,239.54**
Houses and buildings	8,478,598.04				199,771,722.98
Machinery equipment	398,049,011.74				1,541,113,281.56
Others					9,345,235.00
Total impairment provision					
Houses and buildings					
Machinery equipment					
Others					
Total book value	**406,527,609.78**				**1,750,230,239.54**
Houses and buildings	8,478,598.04				199,771,722.98
Machinery equipment	398,049,011.74				1,541,113,281.56
Others					9,345,235.00

Note: Out of the increase in current period, the original value increased by RMB 904,184,266.85 and accumulated depreciation increased by RMB 509,255,006.09 after consolidation.

31.Intangible assets

Item	December 31, 2019	Increase	Decrease	Foreign currency translation	December 31, 2019
Total original price	**136,406,423,660.74**	**17,367,077,512.59**	**8,734,035,134.61**	**1,032,586,641.09**	**146,072,052,679.80**
Mining right	102,922,135,289.53	13,285,819,685.95	6,452,325,315.38	944,084,044.80	110,699,713,704.90
Right of prospecting	3,536,354,290.87	321,727,405.00	98,596,919.00		3,759,484,776.87
Rights and interests of unproved mining areas	2,852,887,013.98			74,178,068.50	2,927,065,082.48
Software	662,040,998.33	136,470,595.65	46,972,664.30	3,963,104.45	755,502,034.13
Land use right	19,816,277,045.78	3,011,176,375.05	1,618,805,749.89	2,816,393.00	21,211,464,063.94
Patent right	1,347,627,814.20	89,289,919.36	5,173,849.72	3,300,000.00	1,435,043,883.84
Non-patent technology	451,812,091.16	6,322,494.61	60,433,698.79		397,700,886.98
Trademark right	1,666,710.88	68,607,223.20	33,926,761.60		36,347,172.48
Water resource use right	335,526,300.81	139,262,839.56		4,245,030.34	479,034,170.71

Item	December 31, 2019	Increase	Decrease	Foreign currency translation	December 31, 2019
Capacity replacement	2,276,244,523.69	21,045,707.77	262,480,478.61		2,034,809,752.85
Copyright	12,800.00				12,800.00
Franchise	90,239,246.24	3,711,772.75	1,000,000.00		92,951,018.99
Others	2,113,599,535.26	283,643,493.69	154,319,697.32		2,242,923,331.63
Total accumulated amortization	**19,211,260,536.56**	**4,313,993,522.30**	**902,446,674.35**	**182,488,209.60**	**22,805,295,594.10**
Mining right	15,991,657,403.72	3,587,612,897.43	594,001,053.19	178,503,162.79	19,163,772,410.75
Right of prospecting	30,495,270.07	690,080.50	22,808,832.74		8,376,517.83
Rights and interests of unproved mining areas	2,640,223.00				2,640,223.00
Software	367,936,824.16	76,764,537.41	13,646,221.79	3,355,689.81	434,410,829.58
Land use right	1,924,075,610.05	412,608,384.10	210,394,374.88	629,357.00	2,126,918,976.27
Patent right	401,253,755.49	142,383,005.60	1,776,343.60		541,860,417.49
Non-patent technology	250,824,947.77	26,543,145.26	40,416,183.69		236,951,909.34
Trademark right	1,200,214.12	5,655,474.09	2,337,441.87		4,518,246.34
Water resource use right	22,391,857.56	3,625,408.00			26,017,265.56
Capacity replacement	60,767,082.59	39,032,582.56			99,799,665.15
Copyright	1,733.47	1,280.16			3,013.63
Royalties	34,634,255.41	3,833,974.71			38,468,230.12
Others	123,381,359.15	15,242,752.48	17,066,222.59		121,557,889.04
Total impairment provision	**5,355,723,139.68**	**49,668,113.92**	**1,595,911,881.41**	**34,610,825.57**	**3,844,090,197.76**
Mining right	4,724,823,146.93	18,755,877.70	1,523,836,489.36	34,610,825.57	3,254,353,360.84
Right of prospecting	559,978,952.76		23,276,852.76		536,702,100.00
Rights and interests of unproved mining areas					-
Software	20,517.44	125,861.94	8,407.16		137,972.22
Land use right	6,666,216.99	21,466,515.30	5,024,808.67		23,107,923.62
Patent right		9,319,858.98			9,319,858.98
Non-patent technology	18,568,982.10				18,568,982.10

Item	December 31, 2019	Increase	Decrease	Foreign currency translation	December 31, 2019
Trademark right					-
Water resource use right					-
Capacity replacement					-
Copyright					-
Royalties					-
Others	45,665,323.46		43,765,323.46		1,900,000.00
Total book value	**111,839,439,984.50**				**119,422,666,887.94**
Mining right	82,205,654,738.88				88,281,587,933.31
Right of prospecting	2,945,880,068.04				3,214,406,159.04
Rights and interests of unproved mining areas	2,850,246,790.98				2,924,424,859.48
Software	294,083,656.74				320,953,232.33
Land use right	17,885,535,218.74				19,061,437,164.05
Patent right	946,374,058.71				883,863,607.37
Non-patent technology	182,418,161.29				142,179,995.54
Trademark right	466,496.76				31,828,926.14
Water resource use right	313,134,443.25				453,016,905.15
Capacity replacement	2,215,477,441.10				1,935,010,087.70
Copyright	11,066.53				9,786.37
Royalties	55,604,990.83				54,482,788.87
Others	1,944,552,852.65				2,119,465,442.59

32.Development expenditure

Item	December 31, 2019	Increase		Decrease			December 31, 2020
		Internal development Expenses	Others	Recognized as intangible assets	Carried forward to current profits and losses	Others	
Enterprise Management Information System	1,714,161.20				1,714,161.20		
Thermal energy comprehensive utilization	12,785,006.12	45,185,435.58			38,322,973.14		19,647,468.56

Item	December 31, 2019	Increase		Decrease			December 31, 2020
		Internal development Expenses	Others	Recognized as intangible assets	Carried forward to current profits and losses	Others	
project of Lilou Coal Mine							
Expenditure for 5F Phase III Platform Software Development	4,669,811.18						4,669,811.18
Video software of E-tendering platform	123,396.23				123,396.23		
Safety renovation project	1,849,102.38				1,849,102.38		
Intelligent Security Operation Management Assessment system	135,922.33	722,772.27		858,694.60			
Digital management system technology of full-process commerce	492,452.83	1,969,811.32		2,462,264.15			
Methanol rectification, Pulping project	30,487,794.12	19,407,260.76			43,740,303.04		6,154,751.84
Beidou technology project	7,599,907.03			7,599,907.03			
Research and development of coal mining technology		192,855,504.18			192,855,504.18		
Safety production technology research and development		52,576,447.62			52,576,447.62		
Environmental protection, energy saving and comprehensive utilization of resources		6,547,286.41			6,547,286.41		

Item	December 31, 2019	Increase		Decrease			December 31, 2020
		Internal development Expenses	Others	Recognized as intangible assets	Carried forward to current profits and losses	Others	
Research and development of non-coal production process		71,711,880.84			71,711,880.84		
Casson patent right		5,838,228.25					5,838,228.25
Others		77,164,434.11			73,700,920.15		3,463,513.96
Total	**59,857,553.42**	**473,979,061.34**		**10,920,865.78**	**483,141,975.19**		**39,773,773.79**

33.Goodwill

(1) Original book value of goodwill

Name of invested entity or matters forming goodwill	December 31, 2019	Increase		Decrease		December 31, 2020
		Formed through business merger	Foreign currency translation Difference	Disposal	Others	
Acquisition of Yanzhou coal resources	298,102,719.95		8,056,334.55			306,159,054.50
Acquisition of Xintai	653,836,285.40					653,836,285.40
Acquisition of Syntech II	21,364,583.70		577,385.38			21,941,969.08
Acquisition of Premier	13,286,399.85		359,070.80			13,645,470.65
Acquisition of Yanzhou Coal Shipping	10,045,360.49					10,045,360.49
Shandong Ruixin Investment Co., Ltd.		273,967,501.49				273,967,501.49
Shandong Fengyuan Tire Manufacturing Co., Ltd.	35,228,588.51					35,228,588.51
Hebei Yao'an Mining Co., Ltd.	269,369,956.80			269,369,956.80		
Zaozhuang Anyun Electric Power Engineering Co., Ltd.	12,368,000.72					12,368,000.72

Name of invested entity or matters forming goodwill	December 31, 2019	Increase		Decrease		December 31, 2020
		Formed through business merger	Foreign currency translation Difference	Disposal	Others	
JinanTaixing Fine Chemical Co., Ltd.	44,177,087.46					44,177,087.46
Zibo Hansen Cement Co., Ltd.	14,770,185.11					14,770,185.11
Xinhua Medical Equipment Co., Ltd.	376,186,479.23					376,186,479.23
Pingmei Chang 'an Energy Development Co., Ltd.		16,832,317.00				16,832,317.00
Tai'an Hengsheng Building Materials Co., Ltd.	3,521,496.83			3,521,496.83		
Tai'an Tianyuan Mining Equipment Installation Co., Ltd.	4,339,863.70					4,339,863.70
State Grid Inner Mongolia Shanghaimiao Thermal Power Co., Ltd.	4,040,656.43					4,040,656.43
Others	242,746.18					242,746.18
Liaocheng Xiangguang Power Generation Co., Ltd.		36,467,914.35				36,467,914.35
Zibo Lisheng Pharmacy Co., Ltd.	4,211,220.02					4,211,220.02
Yiyuan Guangjitang Pharmaceutical Chain Co., Ltd.	2,274,847.66					2,274,847.66
He' nan Wanqiaoshi Medical Technology Co., Ltd.	222,311.47			222,311.47		

Name of invested entity or matters forming goodwill	December 31, 2019	Increase		Decrease		December 31, 2020
		Formed through business merger	Foreign currency translation Difference	Disposal	Others	
Zibo Changguo Hospital Co., Ltd.	2,752,584.28					2,752,584.28
Hefei Anheng Photoelectricity Co., Ltd.	1,019,245.36					1,019,245.36
Chengdu Kangfu Kidney Disease Hospital Co., Ltd.	17,942,739.72					17,942,739.72
Wuhan Laige Chuangjie Trading Co., Ltd.	4,690,095.76					4,690,095.76
Wuhan Yichang Trading Co., Ltd.	5,452,526.89					5,452,526.89
Zhumadian Harmony Hospital Co., Ltd.	4,421,123.23					4,421,123.23
Luzhou Lishichang Traditional Chinese Medicine Hospital Co., Ltd.	1,934,247.38					1,934,247.38
Chengdu Yingde Bio-medical Equipment Co., Ltd.	1,432,639.99					1,432,639.99
Chengdu Qilin Technology Co., Ltd.	157,997.39					157,997.39
Shandong Xinhua Qilin Software Technology Co., Ltd.	1,536,244.53					1,536,244.53
Zibo Zhongsheng Medical Co., Ltd.	3,114,839.17					3,114,839.17
Shanghai Tianqing Bio-	3,256,858.55					3,256,858.55

Name of invested entity or matters forming goodwill	December 31, 2019	Increase		Decrease		December 31, 2020
		Formed through business merger	Foreign currency translation Difference	Disposal	Others	
material Co., Ltd.						
Changchun Boxun Bio-tech Co., Ltd.	242,040,699.93					242,040,699.93
Shandong Shensi Medical Devices Co., Ltd.	3,487,043.92					3,487,043.92
Shandong Zhongde Dentistry Technology Co., Ltd.	511,681.23					511,681.23
Shanghai Shengben Packaging Material Co., Ltd.	6,432,178.72					6,432,178.72
Shanghai Xinhang Industry Co., Ltd.	1,039,686.98					1,039,686.98
Shanghai Yuanyue Pharmacy Machinery Co., Ltd.	218,813,086.93					218,813,086.93
Chengdu Yingde Biomedicine Equipment Technology Co., Ltd.	235,840,111.28					235,840,111.28
Hefei Southeast Orthopedics Hospital	2,128,395.78					2,128,395.78
Hefei Southeast Hand Surgery Hospital	746,375.50					746,375.50
Zibo Xinhua Hospital Co., Ltd.	2,713,324.85					2,713,324.85
Zibo Medical Insurance Medicines Retail Supermarket Co., Ltd.	660,540.14					660,540.14

Name of invested entity or matters forming goodwill	December 31, 2019	Increase		Decrease		December 31, 2020
		Formed through business merger	Foreign currency translation Difference	Disposal	Others	
Zibo Hongxin Healthcare Technology Co., Ltd.	36,816,795.44					36,816,795.44
Shandong Desheng Real Estate Development Co., Ltd.	43,152,144.89					43,152,144.89
Qingdao Jialian Properties Co., Ltd.	1,206,252.82					1,206,252.82
Shandong Wantong Pharmacy Co., Ltd.		938,948.59				938,948.59
Hangginqi Xinyuan Heating Co., Ltd.	686,369.24					686,369.24
Total	**2,611,574,619.41**	**328,206,681.43**	**8,992,790.73**	**273,113,765.10**		**2,675,660,326.47**

(1) Provision for impairment of goodwill

Name of invested entity or matters forming goodwill	December 31, 2019	Increase			Decrease		December 31, 2020
		Accrual	Foreign currency translation Difference	Formed through business merger	Disposal	Others	
Acquisition of Yanzhou coal resources							
Acquisition of Xintai	653,836,285.40						653,836,285.40
Acquisition of Syntech II							
Acquisition of Premier	13,286,400.00		359,069.68				13,645,469.68
Acquisition of Yanzhou Coal Shipping							
Shandong Ruixin Investment Co., Ltd.				182,307,984.81			182,307,984.81
Shandong Fengyuan Tire manufacturing Co., Ltd.							

Name of invested entity or matters forming goodwill	December 31, 2019	Increase			Decrease		December 31, 2020
		Accrual	Foreign currency translation Difference	Formed through business merger	Disposal	Others	
Hebei Yao'an Mining Co., Ltd.	269,369,956.80				269,369,956.80		
Zaozhuang Anyun Electric Power Engineering Co., Ltd.							
JinanTaixing Fine Chemical Co., Ltd.							
Zibo Hansen Cement Co., Ltd.		14,770,185.11					14,770,185.11
Xinhua Medical Equipment Stock Company							
Pingmei Chang 'an Energy Development Co., Ltd.							
Tai'an Hengsheng Building Materials Co., Ltd.							
Tai'an Tianyuan Mining Equipment Installation Co., Ltd.							
State Grid Inner Mongolia Shanghaimiao Thermal Power Co., Ltd.							
Others							
Liaocheng Xiangguang Power Generation Co., Ltd.							
Zibo Lisheng Pharmacy Co., Ltd.	4,211,220.02						4,211,220.02
Yiyuan Guangjitang Pharmaceutical Chain Co., Ltd.	2,274,847.66						2,274,847.66

Name of invested entity or matters forming goodwill	December 31, 2019	Increase			Decrease		December 31, 2020
		Accrual	Foreign currency translation Difference	Formed through business merger	Disposal	Others	
Henan Wanqiaoshi Medical Technology Co., Ltd.							
Zibo Changguo Hospital Co., Ltd.							
Hefei Anheng Photoelectricity Co., Ltd.	1,019,245.36						1,019,245.36
Chengdu Kangfu Kidney Disease Hospital Co., Ltd.	14,212,881.27						14,212,881.27
Wuhan Laige Chuangjie Trading Co., Ltd.							
Wuhan Yichang Trading Co., Ltd.							
Zhumadian Harmony Hospital Co., Ltd.							
Luzhou Lishichang Traditional Chinese Medicine Hospital Co., Ltd.							
Chengdu Yingde Bio-medical Equipment Co., Ltd.	1,432,639.99						1,432,639.99
Chengdu Qilin Technology Co., Ltd.	157,997.39						157,997.39
Shandong Xinhua Qilin Software Technology Co., Ltd.							
Zibo Zhongsheng	3,114,839.17						3,114,839.17

Name of invested entity or matters forming goodwill	December 31, 2019	Increase			Decrease		December 31, 2020
		Accrual	Foreign currency translation Difference	Formed through business merger	Disposal	Others	
Medical Co., Ltd.							
Shanghai Tianqing Bio-material Co., Ltd.	3,256,858.55						3,256,858.55
Changchun Boxun Bio-tech Co., Ltd.							
Shandong Shensi Medical Devices Co., Ltd.	3,487,043.92						3,487,043.92
Shandong Zhongde Dentistry Technology Co., Ltd.	511,681.23						511,681.23
Shanghai Shengben Packaging Material Co., Ltd.	6,432,178.72						6,432,178.72
Shanghai Xinhang Industry Co., Ltd.	1,039,686.98						1,039,686.98
Shanghai Yuanyue Pharmacy Machinery Co., Ltd.	218,813,086.93						218,813,086.93
Chengdu Yingde Biomedicine Equipment Technology Co., Ltd.	235,840,111.28						235,840,111.28
Hefei Southeast Orthopedics Hospital	2,128,395.78						2,128,395.78
Hefei Southeast Hand Surgery Hospital	746,375.50						746,375.50
Zibo Xinhua Hospital Co., Ltd.	2,713,324.85						2,713,324.85
Zibo Medical Insurance Medicines							

Name of invested entity or matters forming goodwill	December 31, 2019	Increase			Decrease		December 31, 2020
		Accrual	Foreign currency translation Difference	Formed through business merger	Disposal	Others	
Retail Supermarket Co., Ltd.							
Zibo Hongxin Healthcare Technology Co., Ltd.	13,608,134.26	21,667,708.01					35,275,842.27
Shandong Desheng Real Estate Development Co., Ltd.							
Qingdao Jialian Properties Co., Ltd.							
Shandong Wantong Pharmacy Co., Ltd.							
Hangginqi Xinyuan Heating Co., Ltd.							
Total	**1,451,493,191.06**	**36,437,893.12**	**359,069.68**	**182,307,984.81**	**269,369,956.80**		**1,401,228,181.87**

34. Long-term prepaid expenses

Item	December 31, 2019	Increase in current period	Amortization in current period	Other decreases	December 31, 2020
Village relocation and land compensation fees	4,435,022,685.74	1,589,777,118.78	820,307,849.68	205,227,683.43	4,999,264,271.41
Lease fees of land, equipment and site	703,026,836.74	38,784,849.30	235,644,478.92	7,743,849.37	498,423,357.75
Financing lease fees	101,159,564.16	63,648,256.78	41,227,460.86	4,765,768.09	118,814,591.99
Securities fee for special plan of Longkou Mining Thermal Power	4,307,421.39	3,597,169.80	4,529,367.27		3,375,223.92
Engineering cost of Qiuji 11 coal grouting	619,914,484.71	318,519,941.70	43,752,459.25	894,681,967.16	
Upgrading and reconstruction of Shanghaimiao Production System	321,436,038.59		16,913,327.09		304,522,711.50

Item	December 31, 2019	Increase in current period	Amortization in current period	Other decreases	December 31, 2020
Net efficiency improvement fee for Fiberglass Group	16,077,837.86		4,104,979.88		11,972,857.98
Upgrading and reconstruction of hydraulic support in Qiuji Mine	15,442,744.26		1,731,896.55		13,710,847.71
Dewatering and mining of water-rich soft rock in Shanghaimiao	15,854,532.66		838,808.24		15,015,724.42
Compensation for square demolition	14,500,000.00		500,000.00		14,000,000.00
Qiuji hydrogeological exploration fee	1,326,545.46		331,636.37		994,909.09
Exploration of Xinji Minefield in Tianzhuang	1,602,703.44			1,602,703.44	
Cost for 80,000 tons of fiberglass project	4,119,093.86		574,757.28		3,544,336.58
Long-term deferred and prepaid expenses of Yongming	27,161,032.41		1,963,550.71		25,197,481.70
Young crops compensation, etc.	18,329,438.14		511,519.20		17,817,918.94
Reconstruction project of business hotel	3,933,799.07		983,449.77		2,950,349.30
Expenditure for improvement of operating lease	1,577,650.43	1,117,592.88	559,742.87	679,735.54	1,455,764.90
Guarantee fee for environmental governance	14,385,953.00		896,077.61		13,489,875.39
3-million-ton capacity expansion cost	41,440,036.93		4,010,326.15		37,429,710.78
Compensation for land acquisition in 3# dump	3,594,465.74		298,692.55		3,295,773.19
Catalyst cost	19,697,289.52	15,934,603.25	18,680,951.32		16,950,941.45
Restoration fee for vegetation and land requisition	6,934,604.06	1,033,668.00	1,922,327.05		6,045,945.01
Land requisition fee in mining area	18,180,133.99		4,792,217.04		13,387,916.95
Commissioned treatment fee for coal mining subsidence land		20,412,799.21			20,412,799.21

Item	December 31, 2019	Increase in current period	Amortization in current period	Other decreases	December 31, 2020
Relocation fee for He-San Line	29,192,548.58		2,085,182.04		27,107,366.54
Transitional medical insurance premium	480,210,000.00	476,233,539.00	100,000,000.00		856,443,539.00
Marketing expenses	76,443,356.51	32,361,657.94	30,671,698.61		78,133,315.84
Decoration fee	139,704,060.87	79,301,799.71	41,653,835.15	11,654,285.63	165,697,739.80
Consideration for quota transfer	162,934,000.00	20,784,800.00		183,718,800.00	
Others	436,053,050.10	436,053,050.10	436,053,050.10	436,053,050.10	436,053,050.10
Total	**7,733,561,908.22**	**3,076,815,174.32**	**1,394,748,586.33**	**1,482,110,732.24**	**7,933,517,763.97**

35.Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and deferred income tax liabilities are not listed as after-offset net amount

Item	December 31, 2020		December 31, 2019	
	Deferred income tax assets / liabilities	Temporary difference of deductible/taxable	Deferred income tax assets / liabilities	Temporary difference of deductible/taxable
I. Deferred income tax assets				
Provision for asset impairment	2,867,787,633.18	11,705,240,768.48	2,304,708,088.98	9,600,404,216.48
Transactional financial assets	41,634,093.64	166,536,374.57	10,547,396.98	42,189,587.93
Amortization and depreciation difference of assets	209,181,433.22	488,599,562.99	237,072,451.59	1,040,878,124.19
Unpaid salary has been accrued	143,681,612.78	608,685,227.29	179,933,595.12	653,763,306.81
Deductible loss	4,050,850,813.44	14,325,230,311.30	2,594,257,766.96	9,213,560,530.74
Assets purchased with expenses for safe production and maintaining simple reproduction	1,225,308,776.39	5,176,972,212.31	1,629,040,928.52	6,846,910,906.53
Development funds	152,878,228.88	611,512,915.50	152,878,228.88	611,512,915.50
Deferred income	45,479,416.45	204,709,597.50	77,557,119.23	435,434,544.05
Subsidence treatment fee	579,492,564.17	2,462,720,047.84	676,704,763.01	2,867,708,015.67
Relocation expenses	101,187,547.38	404,750,189.52	139,743,020.40	558,972,081.60
Accrued outlays	105,716,401.31	512,648,930.89	134,356,808.09	543,670,342.34

Item	December 31, 2020		December 31, 2019	
	Deferred income tax assets / liabilities	Temporary difference of deductible/taxable	Deferred income tax assets / liabilities	Temporary difference of deductible/taxable
Land reclamation and environmental governance fees	1,320,747,445.56	4,481,301,617.83	1,069,433,425.76	3,733,343,770.18
Financing lease	188,822,832.22	629,409,440.73	138,040,922.00	460,136,406.67
Take-or-pay liabilities	185,474,396.79	618,247,989.30	142,731,677.00	475,772,256.67
Hedging instrument liabilities	108,142,938.39	360,476,461.30	664,806,723.21	2,216,022,410.70
Others	749,362,188.48	2,799,024,094.58	755,908,625.30	2,978,938,350.95
Total	**12,075,748,322.28**	**45,556,065,741.93**	**10,907,721,541.03**	**42,279,217,767.01**
II. Deferred income tax liabilities				
Adjustment of fair value of available-for-sale financial assets	8,559,829.89	35,883,606.36	8,484,716.34	33,938,865.36
Value added in assets appraisal	179,872,055.49	511,481,462.64	134,759,440.51	546,033,564.26
Investment income from disposal of subsidiary's equity	91,442,376.00	609,615,840.00	127,442,376.00	849,615,840.00
Adjustment of fair value of investment real estate	271,752,839.23	1,087,011,356.87	318,091,279.00	1,272,365,116.00
Transactional financial assets	31,884,645.76	127,538,583.05	690,340.75	4,602,271.67
Depreciation and amortization	5,488,987,030.50	19,421,830,132.22	3,720,264,380.89	12,580,365,555.26
Fair value of mining right	5,910,789,238.24	24,230,693,018.50	3,062,733,924.12	12,398,054,709.33
Adjustment of fair value of other non-current financial assets	3,060,033.79	12,240,135.16	65,213.55	260,854.20
Unrealized foreign exchange gains and losses	312,260,065.02	1,040,866,883.40	44,736,193.00	149,120,643.33
Others	471,227,554.55	1,748,400,117.94	265,536,173.60	887,136,460.86

Item	December 31, 2020		December 31, 2019	
	Deferred income tax assets / liabilities	Temporary difference of deductible/taxable	Deferred income tax assets / liabilities	Temporary difference of deductible/taxable
Total	**12,769,835,668.46**	**48,825,561,136.14**	**7,682,804,037.76**	**28,721,493,880.27**

(2) Deferred income tax assets and deferred income tax liabilities are listed as after-offset net amount

Item	December 31, 2020		December 31, 2019	
	Year-end offset amount of deferred income tax assets and liabilities	Deferred income tax assets or liabilities after offset	Year-end offset amount of deferred income tax assets and liabilities	Deferred income tax assets or liabilities after offset
Deferred income tax assets	4,800,929,501.03	7,274,818,821.24	3,619,327,872.00	7,288,393,669.03
Deferred income tax liabilities	4,800,929,501.03	7,968,906,167.43	3,619,327,872.00	4,063,476,165.76

36.Other non-current assets

Item	December 31, 2020	December 31, 2019
Mineral exploration (mining) right	19,422,893,214.75	1,094,191,400.00
Prepayment for investment	117,925,900.00	117,925,900.00
Investment receivables	112,500,000.00	99,197,100.00
Prepayment for capacity replacement	519,102,113.46	519,102,113.46
Compensation for long-term service foundation	409,865,312.14	363,323,624.33
Properties of Haiyue Garden	8,235,889.00	8,235,889.00
Properties in Ke'ao Factory Area	150,624,844.89	150,624,844.89
Advance payment for long-term assets such as land, engineering project and equipment	1,153,164,444.00	2,939,236,303.06
Expenditure for shantytown rebuilding project	951,879.72	10,110,392.32
Windproof and sand-fixing forest	5,285,736.40	7,810,296.09
Advance payment for relocation	39,500,305.00	170,000,000.00
Crossheading excavation work	1,013,465,674.29	530,539,782.62
Others	161,153,502.38	219,845,145.53
Total	**23,114,668,816.03**	**6,230,142,791.30**

37.Short-term borrowings

(1) Classification of short-term borrowings

Borrowing category	December 31, 2020	December 31, 2019
Borrowing on pledge	378,027,595.13	869,026,346.42
Borrowing on mortgage	1,204,504,835.72	321,736,879.48
Borrowing on guaranty	28,297,191,369.84	18,482,908,506.10
Borrowing on credit	44,812,995,367.22	37,365,497,828.86
Borrowing on guaranty and mortgage	26,260,789.93	
Total	**74,718,979,957.84**	**57,039,169,560.86**

(2) In view of the year-end balance, the Company and its associated enterprises have no overdue short-term borrowings.

38. Financial liabilities at fair value through profit or loss

Item	Fair value on December 31, 2020	Fair value on December 31, 2019
Transactional financial liabilities		49,969,500.00
Total		**49,969,500.00**

39.Transactional financial liabilities

Item	Fair value on December 31, 2020	Fair value on December 31, 2019
Transactional financial liabilities		
Where: issued trading bonds		
Designated as financial liabilities at fair value through profit or loss		
Derivative financial liabilities	411,974,533.21	
Others		150,201,545.85
Total	**411,974,533.21**	**150,201,545.85**

40.Derivative financial liabilities

Item	December 31, 2020	December 31, 2019
Hedging tools		3,732,157.74
Total		**3,732,157.74**

41.Notes payable

Category	December 31, 2020	December 31, 2019
Bank acceptance bill	24,622,994,377.90	24,583,932,516.73
Trade acceptance bill	3,355,284,127.40	3,210,003,659.70
Letter of credit	3,263,663,636.19	2,280,688,674.16

Category	December 31, 2020	December 31, 2019
Total	**31,241,942,141.49**	**30,074,624,850.59**

Note: In view of year-end balance, the Company and its associated enterprises have no notes payable due and unpaid.

42.Accounts payable

(1) Statement of Accounts Payable

Aging	December 31, 2020	December 31, 2019
Total amount of accounts payable	**36,367,006,744.27**	**36,283,798,820.86**
Where: accounts payable aging more than one year	9,127,814,882.08	8,204,276,848.72

(2) Major accounts payable aging more than one year

Name of creditor	December 31, 2020	Reasons for payment in arrear
Hu'nan Lianshao Construction Engineering (Group) Co., Ltd. Lanling Branch	100,506,455.62	Conditions for settlement are not satisfied
China Coal No. 3 Construction (Group) Co., Ltd. No.29 Engineering Department	58,582,397.02	Conditions for settlement are not satisfied
Shandong Lutai Construction Group Co., Ltd.	46,927,999.83	Conditions for settlement are not satisfied
Fujian Huaxing Construction Co., Ltd.	46,427,799.48	Conditions for settlement are not satisfied
Shandong Zhongda Machinery Equipment Co., Ltd.	39,559,459.33	Conditions for settlement are not satisfied
China Coal No.1 Construction Company No.49 Engineering Department	35,964,888.52	Conditions for settlement are not satisfied
Total	**327,968,999.80**	

43. Receipts in advance

(1) List of receipts in advance

Aging	December 31, 2020	December 31, 2019
Within 1 year (including 1 year)	12,439,162,250.25	12,455,817,063.07
Over 1 year	2,756,390,194.10	2,632,110,466.55
Total	**15,195,552,444.35**	**15,087,927,529.62**

(2) Major accounts received in advance aging more than one year

Name of creditor	December 31, 2020	Reasons for not carrying forward
Shandong Expressway Logistics Group Co., Ltd.	242,800,000.00	Involved in proceeding
Tai'an High-speed Railway Phase IV Project Building 13	241,139,066.00	Not handed over
House purchase payment by households of Jushan Garden Phase II	130,023,053.00	Not handed over
Zaozhuang Housing and Urban-rural	77,077,408.70	Outstanding settlement

Name of creditor	December 31, 2020	Reasons for not carrying forward
Development Bureau		
Laiwu Bureau of Land and Resources	45,000,000.00	Outstanding settlement
Total	**736,039,527.70**	

44.Contract liabilities

Item	December 31, 2020	December 31, 2019
Within 1 year (including 1 year)	6,620,527,180.11	3,702,746,248.31
Over 1 year	400,440,497.09	106,535,303.28
Total	**7,020,967,677.20**	**3,809,281,551.59**

45. Financial assets sold under agreements to buy

Item	December 31, 2020	December 31, 2019
Bonds sold under agreements to buy	48,500,000.00	58,800,000.00
Total	**48,500,000.00**	**58,800,000.00**

46. Customer brokerage deposits

Item	December 31, 2020	December 31, 2019
Customer brokerage deposits	14,463,954.28	
Total	**14,463,954.28**	

47.Payroll payable

(1) List of payrolls payable

Item	December 31, 2020	December 31, 2019
I. Short-term remuneration	6,159,511,270.48	7,101,746,193.76
II. Post-engagement benefits - define the contribution plan	168,352,257.70	205,049,776.78
III. Dismissal benefits	73,972,441.31	100,645,055.26
IV. Other benefits due within one year	58,362,396.67	32,604,848.50
V. Others	11,530,366.78	882,836.57
Total	**6,471,728,732.94**	**7,440,928,710.87**

(2) List of short-term remuneration

Item	December 31, 2020	December 31, 2019
1. Wages, bonuses, allowances and subsidies	3,385,438,301.63	4,416,927,191.58
2. Employee welfare expenses	33,167,528.28	49,075,732.97

Item	December 31, 2020	December 31, 2019
3. Social insurance premium	158,944,396.46	220,219,737.26
Where: medical insurance premium	124,956,343.31	161,829,669.43
Industrial injury insurance premium	27,891,814.87	45,925,469.24
Maternity insurance premium	5,640,940.81	12,066,945.74
Others	491,620.83	397,652.85
4. Housing provident fund	226,904,775.75	347,105,989.48
5. Trade union outlays and staff education funds	1,655,299,242.51	1,466,008,045.36
6. Short-term paid absence	531,725,944.33	416,885,354.49
7. Short-term profit-sharing plan		
8. Other short-term remuneration	168,031,081.53	185,524,142.62
Total	**6,159,511,270.48**	**7,101,746,193.76**

(3) List of defined contribution plans

Item	December 31, 2020	December 31, 2019
1. Basic endowment insurance	81,061,087.01	182,530,076.89
2. Unemployment insurance premium	12,328,917.02	21,210,736.00
3. Enterprise annuity payment	67,161,916.04	1,308,963.89
4. Others	7,800,337.63	
Total	**168,352,257.70**	**205,049,776.78**

48. Taxes and dues payable

Taxes	December 31, 2020	December 31, 2019
Value-added tax	1,195,749,018.01	1,270,409,485.24
Corporate income tax	2,011,027,636.69	2,157,742,981.93
Individual income tax	165,843,131.84	162,220,957.64
Resource tax	483,603,328.59	566,220,316.56
Increment tax on land value	208,194,440.26	-156,250,673.52
Urban maintenance and construction tax	56,068,242.98	37,061,334.83
Surcharge for Education	35,656,809.57	24,296,750.04
Local education surcharge	23,442,886.95	11,714,218.59
Local water conservancy construction fund	6,412,901.56	4,702,892.80
Excise tax	1,210,950.84	512,984.88
Stamp tax	93,697,336.31	46,946,624.63

Taxes	December 31, 2020	December 31, 2019
House property tax	84,501,424.18	95,526,531.85
Land use tax	159,585,421.37	180,910,199.05
Vehicle and vessel use tax	627,729.82	169,329.40
Farmland occupation tax	48,252,511.35	27,428,955.65
Employment security for the disabled	2,010,177.23	260,966.20
Water resource tax	64,747,396.49	51,378,131.44
Compensation for soil and water conservation	7,355,490.41	6,150,224.00
Environmental protection tax	19,737,748.17	17,406,393.81
Deed tax	2,319,233.36	
Others	85,266,601.06	125,295,311.18
Total	**4,755,310,417.05**	**4,630,103,916.20**

49.Other payables

Item	December 31, 2020	December 31, 2019
Interest payable	2,700,167,344.66	1,456,715,719.14
Dividends payable	2,555,825,742.36	2,644,125,554.26
Other payables	23,685,577,441.45	27,277,104,942.79
Total	**28,941,570,528.47**	**31,377,946,216.19**

(1) Details of interest payable

Item	December 31, 2020	December 31, 2019
Interest on long-term borrowing with interest payable in installment and principal payable upon maturity	855,544,450.84	124,374,258.38
Interest on corporate bonds	1,391,337,489.79	1,262,409,952.79
Interest payable on short-term borrowings	418,725,772.57	26,004,839.72
Interest payable on short-term financing bonds		18,704,166.67
Other interests	34,559,631.46	25,222,501.58
Total	**2,700,167,344.66**	**1,456,715,719.14**

(2) Details of dividends payable

Item	December 31, 2020	December 31, 2019
Hong Kong Junxiao Company Limited	523,848,072.21	693,848,072.21
China Cinda Asset management Co., Ltd. Shandong Branch		1,511,276,731.69

Item	December 31, 2020	December 31, 2019
Juye Lulin Mining Co., Ltd.	44,622,690.74	241,003,966.17
Huang Taolegai's minority shareholders' dividends	520,000,000.00	
Jungar Qi Jinzhengtai Coal Co., Ltd.		50,000,000.00
China United Cement Corporation		47,148,628.68
Heze Investment Development Company		20,537,379.13
Heze Investment Development Group Co., Ltd.	12,757,090.32	
Shanxi Shuozhou Pinglu District Lanhua Yongsheng Coal Mining Co., Ltd.	185,156.86	
Shanxi Coal Distribution Group Liansheng Coal Mining Co., Ltd.	170,108.77	
Shandong Yongchang Investment Co., Ltd.	3,052,983.34	25,000,000.00
Dividends of minority shareholders of Aike Chemical		3,336,518.85
WISCO Group International Economics & Trading Co., Ltd.		1,470,000.00
China Construction Bank Co., Ltd.	310,000.00	310,000.00
Employees of Wujiu Coal Group		85,402.42
Li Qingming	19,177,257.53	
Heilongjiang Baoquanling Agribusiness Weida Graphite Co., Ltd.	27,000.00	27,000.00
Shandong Zhongxing Energy Co., Ltd.	1,402,858,031.69	
Common stock dividends of Xinhua Medical	3,395,337.39	6,077,740.19
Jungarqi Jinzhengtai Coal Co., Ltd.	10,000,000.00	
Others	15,422,013.51	44,004,114.92
Total	**2,555,825,742.36**	**2,644,125,554.26**

(3) Other payables

① List other payables according to the nature of payment

Item	December 31, 2020	December 31, 2019
Accounts current	7,366,778,869.28	8,588,852,805.20
Margin deposit, etc	7,455,323,928.35	7,842,940,444.72
Engineering and equipment funds	6,994,020,651.63	8,874,149,580.90
Investment funds	1,546,354,210.36	1,712,687,519.22
Service charges	159,453,806.11	88,985,523.50
Others	163,645,975.72	169,489,069.25

Item	December 31, 2020	December 31, 2019
Total	**23,685,577,441.45**	**27,277,104,942.79**

②Other major payables aging more than one year

Name of creditor	December 31, 2020	Reasons for payment in arrear
JinanLonghu Taixi Real Estate Development Co., Ltd.	391,229,138.45	Rolling settlement
Fund for mine geological environment restoration and land reclamation	331,822,162.28	Governance is not implemented
Nanjing Iron and Steel Co., Ltd.	306,451,254.01	Not due for repayment
Poly Property Group (Shanghai) Investment Co., Ltd.	207,896,300.00	Investment funds for Jiading project
Total	**1,237,398,854.74**	

50.Non-current liabilities due within one year

Item	December 31, 2020	December 31, 2019
Long-term borrowings due within one year	15,040,684,688.85	28,318,363,030.27
Bonds payable due within one year	20,979,679,002.90	19,934,120,339.66
Long-term payables due within one year	1,245,730,677.40	2,844,371,689.13
Estimated liabilities due within one year	77,416,447.90	105,307,867.12
Lease liabilities due within one year	955,963,499.59	
Other liabilities due within one year	553,302,600.00	
Total	**38,852,776,916.64**	**51,202,162,926.18**

51.Other current liabilities

Item	December 31, 2020	December 31, 2019
Short-term financing bonds and interest	4,051,958,870.85	9,637,947,083.32
Endorsed and unconfirmed notes receivable	117,276,266.19	69,616,838.41
Payment for short-term financing lease	177,895,953.73	160,393,252.10
Tax on items to be written-off	716,786,386.97	406,334,181.79
Total	**5,063,917,477.74**	**10,274,291,355.62**

52.Long-term borrowings

Borrowing category	December 31, 2020	December 31, 2019
Borrowing on credit	55,995,797,730.84	57,947,852,388.50

Borrowing category	December 31, 2020	December 31, 2019
Borrowing on mortgage	5,263,545,884.57	14,824,444,700.46
Borrowing on guaranty	55,066,794,869.53	39,876,019,179.76
Borrowing on pledge	3,398,549,440.43	6,128,058,669.77
Borrowings on mortgage, pledge and guaranty	448,050,000.00	
Subtotal	**120,172,737,925.37**	**118,776,374,938.49**
Minus: the part due within one year	15,040,684,688.85	28,318,363,030.27
Total	**105,132,053,236.52**	**90,458,011,908.22**

53.Bonds payable

(1) Bonds payable

Item	December 31, 2020	December 31, 2019
Corporate bonds	79,816,211,537.10	60,278,031,545.47
Total	**79,816,211,537.10**	**60,278,031,545.47**

(2) Increase and decrease of bonds payable (excluding other financial instruments such as preferred shares and perpetual bonds classified as financial liabilities)

Bond name	Par value	Date of issue	Term	Issue amount	December 31, 2019	Issued this year
20 Lu Energy MTN001	2,000,000,000.00	2020/01/13	3 years	2,000,000,000.00		2,000,000,000.00
20 Lu Energy MTN002A	1,500,000,000.00	2020/04/15	3 years	1,500,000,000.00		1,500,000,000.00
20 Lu Energy MTN002B	500,000,000.00	2020/04/15	5 years	500,000,000.00		500,000,000.00
20 Lu Energy MTN003	3,000,000,000.00	2020/04/27	3 years	3,000,000,000.00		3,000,000,000.00
17 Lu Energy MTN001	2,500,000,000.00	2017/10/23	5 years	2,500,000,000.00	2,500,000,000.00	
19 Lu Energy MTN001	3,000,000,000.00	2019/07/31	3 years	3,000,000,000.00	3,000,000,000.00	
18 Lu Energy MTN001	2,500,000,000.00	2018/08/22	5 years	2,500,000,000.00	2,500,000,000.00	
17 Shanneng 01	800,000,000.00	2017/08/28	5 years			180,000,000.00
18 Shanneng 01	750,000,000.00	2018/07/06	5 years	750,000,000.00	750,000,000.00	
19 Shanneng 01	1,000,000,000.00	2019/04/23	3 years	1,000,000,000.00	1,000,000,000.00	
19 Shanneng 03	1,000,000,000.00	2019/05/08	3 years	1,000,000,000.00	1,000,000,000.00	
19 Shanneng 04	2,000,000,000.00	2019/05/08	3 years	2,000,000,000.00	1,000,000,000.00	
ROCII (USD100 million bonds of Yancoal Australia)	649,174,345.18	2020/07/15	3 years	649,174,345.18		649,174,345.18
18 Linyi Mining MTN001	500,000,000.00	2018/03/29	5 years	500,000,000.00	500,000,000.00	
18 Linyi Mining MTN002	500,000,000.00	2018/08/10	5 years	500,000,000.00	500,000,000.00	

Bond name	Par value	Date of issue	Term	Issue amount	December 31, 2019	Issued this year
19 Linyi Mining MTN001	1,000,000,000.00	2019/11/21	5 years	1,000,000,000.00	1,000,000,000.00	
18 Linyi Mining 01	500,000,000.00	2018/08/22	3 years	500,000,000.00	500,000,000.00	
19 Linyi Mining 01	1,000,000,000.00	2019/03/06	3 years	1,000,000,000.00	1,000,000,000.00	
20 Linyi Mining 01	2,000,000,000.00	2020/03/13	5 years	2,000,000,000.00		2,000,000,000.00
20 Longkou Mining PPN001	500,000,000.00	2020/07/20	2+1 years	500,000,000.00		500,000,000.00
20 Longkou Mining PPN002	1,000,000,000.00	2020/10/28	2+1 years	1,000,000,000.00		1,000,000,000.00
18 Zibo Mining 01	300,000,000.00	2018/10/12	3+2	300,000,000.00	300,000,000.00	
19 Zibo Mining 01	1,000,000,000.00	2019/09/24	3+2	1,000,000,000.00	1,000,000,000.00	
19 Zibo Mining 02	700,000,000.00	2019/12/13	3 years	700,000,000.00	700,000,000.00	
Non-public corporate bonds of Xinwen Mining Group Co., Ltd. (19 Xinwen 01)	1,800,000,000.00	2019/03/27	3 years	1,800,000,000.00	1,800,000,000.00	
Non-public corporate bonds of Xinwen Mining Group Co., Ltd. (19 Xinwen 01)	3,000,000,000.00	2018/09/25	3 years	3,000,000,000.00	3,000,000,000.00	
Public corporate bonds of Xinwen Mining Group Co., Ltd. (20 Xinwen 01)	1,500,000,000.00	2020/03/19	3 years	1,500,000,000.00		1,500,000,000.00
Public corporate bonds of Xinwen Mining Group Co., Ltd. (20 Xinwen 02)	1,500,000,000.00	2020/04/22	3 years	1,500,000,000.00		1,500,000,000.00
Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd. issued corporate bonds in 2017 by private placement (the first tranche)	200,000,000.00	2017/06/06	5 years	200,000,000.00	199,544,025.14	
Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd. issued corporate bonds in 2017 by private placement (the second tranche)	200,000,000.00	2017/09/27	5 years	200,000,000.00	199,500,000.02	
Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd. issued corporate bonds in 2018 by private placement (the first tranche)	220,000,000.00	2018/02/01	5 years	220,000,000.00	219,341,194.99	

Bond name	Par value	Date of issue	Term	Issue amount	December 31, 2019	Issued this year
Medium-term notes the first tranche 2020 of Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd.	500,000,000.00	2020/04/01	3 years	500,000,000.00		500,000,000.00
Medium-term notes the second tranche 2020 of Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd.	500,000,000.00	2020/06/01	3 years	500,000,000.00		500,000,000.00
12 Yanzhou Coal 02	4,000,000,000.00	2012/07/23	10 years	4,000,000,000.00	3,989,999,999.97	
12 Yanzhou Coal 04	3,050,000,000.00	2014/03/06	10 years	3,050,000,000.00	3,037,291,666.78	
20 Yanzhou Coal 01	300,000,000.00	2020/03/10	3 years	300,000,000.00		299,100,000.00
20 Yanzhou Coal 02	2,700,000,000.00	2020/03/10	5 years	2,700,000,000.00		2,686,500,000.00
20 Yanzhou Coal 03	2,000,000,000.00	2020/03/10	10 years	2,000,000,000.00		1,980,000,000.00
20 Yanzhou Coal 04	3,500,000,000.00	2020/10/21	3 years	3,500,000,000.00		3,491,600,000.00
20 Yanzhou Coal 05	1,500,000,000.00	2020/10/21	5 years	1,500,000,000.00		1,494,000,000.00
Yanzhou Coal 's medium-term notes the first tranche 2018	1,500,000,000.00	2018/07/11	3 years	1,500,000,000.00	1,496,625,000.00	
Yanzhou Coal 's medium-term notes Tranche II 2018	3,000,000,000.00	2018/10/19	3 years	3,000,000,000.00	2,994,750,000.00	
3-year corporate bonds	2,337,027,000.00	2018/11/29	3 years	2,337,027,000.00	2,323,402,702.69	
3-year corporate bonds	3,344,750,000.00	2020/11/05	3 years	3,262,450,000.00		3,240,755,932.55
10-year corporate bonds	3,836,910,000.00	2012/05/16	10 years	3,836,910,000.00	725,203,894.80	
16 Australia 01	3,752,740,500.00	2016/03/31	9 years	3,744,525,500.00		3,752,740,500.00
17 Yankuang MTN001	855,000,000.00	2017/03/01	3 years	855,000,000.00	26,555,625.00	
17 Yankuang MTN002	740,000,000.00	2017/03/10	3 years	740,000,000.00	27,380,000.00	
17 Yankuang MTN003	1,000,000,000.00	2017/07/05	3 years	1,000,000,000.00	22,883,272.25	
17 Yankuang MTN004	1,000,000,000.00	2017/07/17	3 years	1,000,000,000.00	20,982,734.81	
18 Yankuang MTN001	2,000,000,000.00	2018/02/07	3 years	2,000,000,000.00	2,119,795,853.74	
18 Yankuang MTN003	1,000,000,000.00	2018/03/12	3 years	1,000,000,000.00	1,043,532,579.66	
18 Yankuang MTN004	1,500,000,000.00	2018/03/16	3 years	1,500,000,000.00	65,142,358.17	
18 Yankuang MTN006	1,000,000,000.00	2018/04/10	3 years	1,000,000,000.00	32,861,089.38	
18 Yankuang MTN007	1,500,000,000.00	2018/04/25	3 years	1,500,000,000.00	1,582,243,594.98	

Bond name	Par value	Date of issue	Term	Issue amount	December 31, 2019	Issued this year
18 Yankuang MTN008	1,500,000,000.00	2018/06/13	3 years	1,500,000,000.00	1,540,842,693.60	
19 Yankuang MTN001A	1,600,000,000.00	2019/02/22	3 years	1,600,000,000.00	1,608,811,301.70	
19 Yankuang MTN001B	400,000,000.00	2019/02/22	5 years	400,000,000.00	402,698,249.23	
19 Yankuang MTN002	2,000,000,000.00	2019/04/11	3 years	2,000,000,000.00	2,013,871,966.42	
20 Yankuang MTN001A	200,000,000.00	2020/03/05	5 years	200,000,000.00		200,000,000.00
20 Yankuang MTN001B	800,000,000.00	2020/03/05	10 years	800,000,000.00		800,000,000.00
20 Yankuang MTN003	1,500,000,000.00	2020/09/22	3 years	1,500,000,000.00		1,500,000,000.00
20 Yankuang MTN005	2,000,000,000.00	2020/11/24	3 years	2,000,000,000.00		2,000,000,000.00
18 Yan 01EB	120,000,000.00	2018/04/03	3+N	1,500,000,000.00	120,000,000.00	
20 Yankuang Debt 01	1,500,000,000.00	2020/04/26	5+5	1,500,000,000.00		1,500,000,000.00
20 Yankuang Debt 02	1,000,000,000.00	2020/08/27	5+5	1,000,000,000.00		1,000,000,000.00
2020 Yankuang PPN001	1,500,000,000.00	2020/01/17	3 years			1,500,000,000.00
19 Yankuang PPN001	1,500,000,000.00	2019/03/19	3 years	1,500,000,000.00	1,545,650,000.00	
19 Yandong 01-Public Offering	1,000,000,000.00	2019/12/02	3 years	1,000,000,000.00	997,798,742.14	-
20 Yandong 01-Private placement	1,400,000,000.00	2020/04/13	3 years	1,400,000,000.00		1,400,000,000.00
20 Yandong 02-Private placement	600,000,000.00	2020/05/06	3 years	600,000,000.00		600,000,000.00
Overseas USD bonds	2,613,680,000.00	2017/11/30	3 years	2,613,680,000.00	4,883,340,000.00	
Overseas USD bonds	4,990,700,000.00	2019/01/30	4 years	4,990,700,000.00	4,987,983,000.00	
Overseas USD bonds	2,610,880,000.00	2020/07/09	3 years	2,610,880,000.00		2,610,880,000.00
Total	**113,870,861,845.18**			**112,860,346,845.18**	**60,278,031,545.47**	**45,384,750,777.73**

(Continued)

Bond name	Accrued interest at par value	Amortization of excess and discount	Repayment this year	Other decreases	Foreign currency statements translation difference	December 31, 2020
20 Lu Energy MTN001						2,000,000,000.00
20 Lu Energy MTN002A						1,500,000,000.00
20 Lu Energy MTN002B						500,000,000.00
20 Lu Energy MTN003						3,000,000,000.00
17 Lu Energy MTN001						2,500,000,000.00
19 Lu Energy MTN001						3,000,000,000.00
18 Lu Energy MTN001						2,500,000,000.00

Bond name	Accrued interest at par value	Amortization of excess and discount	Repayment this year	Other decreases	Foreign currency statements translation difference	December 31, 2020
17 Shanneng 01						180,000,000.00
18 Shanneng 01				750,000,000.00		
19 Shanneng 01				1,000,000,000.00		
19 Shanneng 03			770,000,000.00	230,000,000.00		
19 Shanneng 04				1,000,000,000.00		
ROCII(USD 100 million bonds of Yancoal Australia)	11,874,288.47	-3,695,236.99	11,874,288.47			645,479,108.19
18 Linyi Mining MTN001	32,300,000.00		32,300,000.00			500,000,000.00
18 Linyi Mining MTN002	30,000,000.00		30,000,000.00			500,000,000.00
19 Linyi Mining MTN001	49,400,000.00		49,400,000.00			1,000,000,000.00
18 Linyi Mining 01	20,323,750.00		520,323,750.00			
19 Linyi Mining 01	53,000,000.00		53,000,000.00			1,000,000,000.00
20 Linyi Mining 01	65,333,333.35		65,333,333.35			2,000,000,000.00
20 Longkou Mining PPN001						500,000,000.00
20 Longkou Mining PPN002						1,000,000,000.00
18 Zibo Mining 01						300,000,000.00
19 Zibo Mining 01						1,000,000,000.00
19 Zibo Mining 02						700,000,000.00
Non-public corporate bonds of Xinwen Mining Group Co., Ltd. (19 Xinwen 01)	72,280,000.00		72,280,000.00			1,800,000,000.00
Non-public corporate bonds of Xinwen Mining Group Co., Ltd. (19 Xinwen 01)	3,230,100.00		2,823,230,100.00	180,000,000.00		
Public corporate bonds of Xinwen	42,000,000.00		42,000,000.00			1,500,000,000.00

Bond name	Accrued interest at par value	Amortization of excess and discount	Repayment this year	Other decreases	Foreign currency statements translation difference	December 31, 2020
Mining Group Co., Ltd. (20 Xinwen 01)						
Public corporate bonds of Xinwen Mining Group Co., Ltd. (20 Xinwen 02)	33,417,083.33		33,417,083.33			1,500,000,000.00
Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd. issued corporate bonds in 2017 by private placement (the first tranche)			199,544,025.14			
Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd. issued corporate bonds in 2017 by private placement (Tranche II)			199,500,000.02			
Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd. issued corporate bonds in 2018 by private placement (the first tranche)	15,400,000.00	226,415.13	35,400,000.00			199,567,610.12
Medium-term notes the first tranche 2020 of Shandong Energy Heavy Equipment Manufacturing Group Co., Ltd.						500,000,000.00
Medium-term notes Tranche II 2020 of Shandong Energy Heavy Equipment Manufacturing						500,000,000.00

Bond name	Accrued interest at par value	Amortization of excess and discount	Repayment this year	Other decreases	Foreign currency statements translation difference	December 31, 2020
Group Co., Ltd.						
12 Yanzhou Coal 02	201,300,000.00	3,999,999.96	201,300,000.00			3,993,999,999.93
12 Yanzhou Coal 04	190,701,250.02	3,050,000.06	190,701,250.02			3,040,341,666.84
20 Yanzhou Coal 01	7,325,500.02	225,000.00	7,325,500.02			299,325,000.00
20 Yanzhou Coal 02	75,631,500.00	2,025,000.00	75,631,500.00			2,688,525,000.00
20 Yanzhou Coal 03	70,069,999.98	1,500,000.00	70,069,999.98			1,981,500,000.00
20 Yanzhou Coal 04	26,095,416.67	700,000.00	26,095,416.67			3,492,300,000.00
20 Yanzhou Coal 05	12,276,250.00	300,000.00	12,276,250.00			1,494,300,000.00
Yanzhou Coal Industry's medium-term notes the first tranche 2018	74,572,500.00	2,250,000.00	74,572,500.00	1,498,875,000.00		-
Yanzhou Coal's medium-term notes Tranche II 2018	133,894,999.98	3,000,000.00	133,894,999.98	2,997,750,000.00		-
3-year corporate bonds	135,686,055.00	6,878,465.50	135,686,055.00	2,179,745,991.42	-150,535,176.77	-
3-year corporate bonds	59,067,312.50	1,205,225.57	59,067,312.50		-862.15	3,241,960,295.97
10-year corporate bonds	40,210,084.46		40,210,084.46		-46,875,856.45	678,328,038.35
16 Australia 01	351,028,600.00		351,028,600.00		-8,215,000.00	3,744,525,500.00
17 Yankuang MTN001	5,079,375.00		31,635,000.00			-
17 Yankuang MTN002			27,380,000.00			-
17 Yankuang MTN003	25,616,727.75	1,500,000.00	50,000,000.00			-
17 Yankuang MTN004	27,217,265.19	1,500,000.00	49,700,000.00			-
18 Yankuang MTN001	119,763,333.35	6,799,999.94	117,800,000.00	2,000,000,000.00		128,559,187.03
18 Yankuang MTN003	56,831,666.64	3,000,000.00	55,900,000.00	1,000,000,000.00		47,464,246.30
18 Yankuang MTN004	51,947,917.00	2,000,000.00	83,550,000.00			35,540,275.17
18 Yankuang MTN006	22,136,444.46	3,300,000.00	51,000,000.00			7,297,533.84
18 Yankuang MTN007	77,681,666.68	4,500,000.00	76,200,000.00	1,500,000,000.00		88,225,261.66
18 Yankuang MTN008	82,500,000.00	4,500,000.00	82,500,000.00	1,500,000,000.00		45,342,693.60
19 Yankuang MTN001A	65,066,666.65	4,800,000.00	64,000,000.00			1,614,677,968.35

Bond name	Accrued interest at par value	Amortization of excess and discount	Repayment this year	Other decreases	Foreign currency statements translation difference	December 31, 2020
19 Yankuang MTN001B	18,706,666.62	1,200,000.00	18,400,000.00			404,204,915.85
19 Yankuang MTN002	90,483,333.35	6,000,000.00	89,000,000.00			2,021,355,299.77
20 Yankuang MTN001A	5,542,222.19	-2,505,420.00				203,036,802.19
20 Yankuang MTN001B	29,000,000.00	-10,093,490.00				818,906,510.00
20 Yankuang MTN003	16,251,666.66	-8,186,310.00				1,508,065,356.66
20 Yankuang MTN005	7,631,284.82	-4,500,000.00				2,003,131,284.82
18 Yan 01EB	3,493,333.33			123,493,333.33		-
20 Yankuang Debt 01	34,220,000.00					1,534,220,000.00
20 Yankuang Debt 02	14,435,555.55	-7,570,560.00				1,006,864,995.55
2020 Yankuang PPN001	55,833,333.35	-9,189,315.00				1,546,644,018.35
19 Yankuang PPN001	71,600,000.00	4,500,000.00	72,000,000.00			1,549,750,000.00
19 Yandong 01- Public Offering	3,279,452.01	919,811.30	3,279,452.01	-	-	998,718,553.44
20 Yandong 01- Private placement	55,811,397.25	-2,641,509.43	55,811,397.25	-	-	1,397,358,490.57
20 Yandong 02- Private placement		-1,132,075.45				598,867,924.55
Overseas USD debt			4,883,340,000.00			-
Overseas USD debt					- 321,035,000.00	4,666,948,000.00
Overseas USD debt						2,610,880,000.00
Total	**2,746,547,331.63**	**20,366,000.59**	**12,126,957,898.20**	**15,959,864,324.75**	**526,661,895.37**	**79,816,211,537.10**

54.Lease liabilities

Item	December 31, 2020	December 31, 2019
Financing lease	2,079,302,678.38	321,614,408.10
Operating lease	10,660,980.21	6,457,820.64
Subtotal	**2,089,963,658.59**	**328,072,228.74**
Minus: lease liabilities due within one year	955,963,499.59	
Total	**1,134,000,159.00**	**328,072,228.74**

55.Long-term payables

Item	December 31, 2020	December 31, 2019
Long-term payables	9,682,088,052.45	12,785,741,558.46
Special payables	321,479,785.30	457,306,567.00
Minus: long-term payables due within one year	1,245,730,677.40	2,844,371,689.13
Total	**8,757,837,160.35**	**10,398,676,436.33**

(1) Balance of long-term payables

Item	December 31, 2020	December 31, 2019
Payment for financing lease	4,211,955,956.33	5,633,835,492.01
Trust loan	906,355,094.00	1,032,665,094.00
Debt-backed securities under Longkou Mining Power and Heat Supply Contract		570,000,000.00
Mining right cost	3,624,407,562.85	3,602,785,976.86
Payment due to ABS bonds		394,142,330.90
Securitization of corporate assets	90,282,961.65	137,868,165.61
Beijing Hengjia International Financing Lease Co., Ltd.		355,000,000.00
Borrowing on credit		90,180,000.00
China Foreign Trade Financing Lease Co., Ltd.		16,666,666.63
Financing of Life Insurance Asset Management Co., Ltd.		120,000,000.00
Amount due to Meijin Energy Group Co., Ltd.	292,137,576.30	266,431,045.08
Water resources fee for Tengzhou Water Conservancy Bureau	57,168,400.00	57,168,400.00
Others	499,780,501.32	508,998,387.37
Subtotal	9,682,088,052.45	12,785,741,558.46
Minus: long-term payables due within one year	1,245,730,677.40	2,844,371,689.13
Total	**8,436,357,375.05**	**9,941,369,869.33**

(2) Balance of special payables

Item	December 31, 2020	December 31, 2019
Beizao Coal Mine Overcapacity Cut Award Fund	14,577,251.88	25,250,455.62
Special award and subsidy funds for structural adjustment of industrial enterprises	10,386,344.59	47,070,132.83
Mining right resources cost	20,000,000.00	20,000,000.00
Special financial funds for shantytown rebuilding	23,689,861.00	23,689,861.00
Provincial supporting funds for coal mine safety investment	23,300,000.00	23,300,000.00

Item	December 31, 2020	December 31, 2019
Grant funds of capacity improvement projects for key new material industry chains	20,000,000.00	20,000,000.00
Overcapacity Cut reward and subsidy funds	11,600,281.7	51,829,837.16
Project funds collected from subsidiaries		30,064,964.18
State-approved project funding subsidies		120,000.00
Special funds for air pollution prevention and control	14,180,000.00	10,500,000.00
Special funds for heating pipeline and heat exchange construction	48,600,000.00	48,600,000.00
Funds for retired cadres of provincial poverty-stricken units		9,441,327.00
Research Funds of "Thin Coal Seam Mining" of Science and Technology Department	6,720,000.00	6,720,000.00
Household water treatment project	6,205,517.43	6,205,517.43
Coal mine safety reconstruction fund of Finance Department	5,780,000.00	5,780,000.00
"Two-fee" subsidy funds for retired cadres	4,538,060.00	4,538,060.00
Help-and-relief fund for needy workers	846,412.00	400,000.00
Reward and subsidy funds for coal mine disaster prevention and control	2,840,000.00	2,840,000.00
Outlays for research project of low permeability coal seam mining	1,750,000.00	1,750,000.00
2014 rescue equipment allocation subsidy of Luzhong Emergency Rescue Center	533,503.53	533,503.53
Special funds for public rental housing	320,381.50	386,021.18
Subsidy program of metering facility upgrading for household heating	224,761.69	224,761.69
Grant funds for postdoctoral innovation projects	110,000.00	110,000.00
Special funds for energy conservation and emission reduction		20,000.00
Special funds for power, water, heat supplies and property management	6,000,000.00	8,818,940.58
Paste filling laboratory funds	13,583.71	13,583.71
Special funds for shutdown of Beisu Coal Mine	41,379,382.24	60,754,613.42
Supporting funds for polyoxymethylene project		10,000,000.00
Phase IV Clinical Trial of Allisartan (Xinlitan) in Zibo Hospital	118,661.30	
Clinical study of pemetrexed combined with nedaplatin in the treatment of lung cancer in Zibo Hospital	15,477.00	
Clinical Trial for Re-evaluation of Shuangdong Capsule in Zibo Hospital	20,581.56	
Basic public health service project of Xinwen Mining Hospital	1,843,034.26	
Exploration and exploitation of deep resources	9,200,000.00	
Special funds allocated from Luyi Holding (Leling)	13,600,000.00	

Item	December 31, 2020	December 31, 2019
Safety reconstruction project of rock burst control	5,900,000.00	
Technical Transformation Subsidy Fund in 2007 (Xin 'an)	4,000,000.00	
Others	23,186,689.91	38,344,987.67
Total	**321,479,785.30**	**457,306,567.00**

56.Long-term remuneration payable to employees

Item	December 31, 2020	December 31, 2019
I. Post-engagement benefits - net liabilities under defined benefit plans		
II. Dismissal benefits	491,381,945.26	502,759,424.36
III. Other long-term benefits	504,039,854.49	439,946,352.10
Total	**995,421,799.75**	**942,705,776.46**

57.Estimated liabilities

Item	December 31, 2020	December 31, 2019
Onerous contract to be executed	214,470,246.15	228,910,436.69
Reclamation/rehabilitation and environmental restoration	3,410,119,720.87	1,991,781,290.85
Take-or-pay liabilities	68,078,670.82	104,604,396.04
Mining right royalties for coal resources	79,546,251.58	79,546,251.58
Obligation to replant saplings	28,622,179.73	27,616,318.55
Others	278,541,556.40	318,179,802.09
Total	**4,079,378,625.55**	**2,750,638,495.80**

Note 1: According to the coal supply and transportation agreement signed by and between Coal & Allied, a subsidiary of the Company, and a third party, the contract price is lower than the market price, and it is an onerous contract, in which the estimated debt due within one year is RMB 20,627,000.

Note 2: According to the railway and port take-or-pay contract signed by and between Gloucester Coal Co., Ltd., a subsidiary of the Company, and a third party, the estimated liabilities for the amount that still needs to be paid according to the contract are recognized, where the estimated liabilities due within one year amount to RMB 39,353,000.

58.Deferred income

Item	December 31, 2019	Increase	Decrease	December 31, 2020
Government subsidy	1,088,764,001.39	425,562,092.53	505,070,076.38	1,009,256,017.54
Supporting fee for network access	128,735,354.01	24,153,318.30	22,990,410.87	129,898,261.44
Relocation compensation	167,813,975.62		17,678,006.64	150,135,968.98

Item	December 31, 2019	Increase	Decrease	December 31, 2020
Pipeline access fee	59,293,056.99	16,515,661.35	20,966,862.98	54,841,855.36
Security transformation funds	52,556,947.55	38,099,074.38	34,993,966.04	55,662,055.89
Total	**1,497,163,335.56**	**504,330,146.56**	**601,699,322.91**	**1,399,794,159.21**

59.Other non-current liabilities

Item	December 31, 2020	December 31, 2019
Special Plan for Phase I Assets of Zhongyin Leasing		34,393,259.91
Special Plan for Phase II Assets of Zhongyin Leasing		979,284,800.00
Special Plan for Phase III Assets of Zhongyin Leasing	130,808,400.00	
Connection fee of pipe network to be carried forward	86,570,827.02	
Entrusted loan	8,620,000.00	
Special Plan of Asset Support for Trust Usufruct of Jisan Power	236,370,000.00	
Others	1,366,838.51	165,169,369.20
Total	**463,736,065.53**	**1,178,847,429.11**

60.Paid-in capital

Investor name	December 31, 2019	Increase	Decrease	December 31, 2020
SASAC	21,155,311,358.32			21,155,311,358.32
Shandong Guohui Investment Co., Ltd.	6,044,374,673.80			6,044,374,673.80
Shandong Province Caixin Assets Operation Co., Ltd.	3,022,187,336.91			3,022,187,336.91
Total	**30,221,873,369.03**			**30,221,873,369.03**

61.Other equity instruments

Outlaying financial instruments issued	December 31, 2019	Increase	Decrease	December 31, 2020
Tranche V perpetual debt in 2017 (Note 1)	1,500,000,000.00		1,000,000,000.00	500,000,000.00
Tranche V perpetual debt in 2018 (Note 2) 18 Yankuang MTN005	1,000,000,000.00			1,000,000,000.00
Tranche IX perpetual debt in 2018 (Note 3) 18 Yankuang MTN009	1,000,000,000.00			1,000,000,000.00
Tranche X perpetual debt in 2018 (Note 4) 18 Yankuang MTN0010	1,500,000,000.00			1,500,000,000.00

Outlaying financial instruments issued	December 31, 2019	Increase	Decrease	December 31, 2020
Tranche XI perpetual debt in 2018 (Note 5) 18 Yankuang MTN0011	1,500,000,000.00			1,500,000,000.00
Tranche XII perpetual debt in 2018 (Note 6) 18 Yankuang MTN0012	1,500,000,000.00			1,500,000,000.00
Tranche XIII perpetual debt in 2018 (Note 7) 18 Yankuang MTN0013	1,500,000,000.00			1,500,000,000.00
Tranche XIV perpetual debt in 2018 (Note 8) 18 Yankuang MTN0014	1,000,000,000.00			1,000,000,000.00
Tranche XV perpetual debt in 2018 (Note 9) 18 Yankuang MTN0015	1,000,000,000.00			1,000,000,000.00
Tranche III perpetual debt in 2019 (Note 10) 19 Yankuang MTN003	1,500,000,000.00			1,500,000,000.00
Tranche IV perpetual debt in 2019 (Note 11) 19 Yankuang MTN004	1,993,095,000.00			1,993,095,000.00
Tranche V perpetual debt in 2019 (Note 12) 19 Yankuang MTN005	1,990,500,000.00	9,500,000.00		2,000,000,000.00
Tranche VI perpetual debt in 2019 (Note 13) 19 Yankuang MTN006	995,750,000.00			995,750,000.00
Tranche VII perpetual debt in 2019 (Note 14) 19 Yankuang MTN007	991,000,000.00	9,000,000.00		1,000,000,000.00
Tranche VIII perpetual debt in 2019 (Note 15) 19 Yankuang MTN008	991,000,000.00	9,000,000.00		1,000,000,000.00
Tranche II perpetual debt in 2020 20 Yankuang MTN002		1,196,760,000.00		1,196,760,000.00
Shaanxi Guotou Zou Yan No.1	1,000,000,000.00			1,000,000,000.00

Outlaying financial instruments issued	December 31, 2019	Increase	Decrease	December 31, 2020
Assembled Fund Trust Plan (Note 16)				
2019 Zhongcheng Jiayuan No.2 Single Fund Trust Plan (Note 17)	1,000,000,000.00			1,000,000,000.00
2019 Zhongcheng Jiayuan No.10 Single Fund Trust Plan (Note 18)		900,000,000.00		900,000,000.00
2019 Zhongcheng Jiayuan No.8 Single Fund Trust Plan (Note 19)		1,000,000,000.00		1,000,000,000.00
Huatai-Yankuang Group Creditor's Right Investment Plan (Note 20)		550,000,000.00		550,000,000.00
Dajia-Yankuang Infrastructure Creditor's Right Investment Plan (Note 21)		450,000,000.00		450,000,000.00
China Industrial Trust-Luying No.19 Single Fund Trust (Note 22)	500,000,000.00		500,000,000.00	
China Industrial Trust-Luying No.19 (Tranche II) Single Fund Trust (Note 23)	1,500,000,000.00		1,500,000,000.00	
20 Lu Energy MTN004 (Note 24)		1,500,000,000.00		1,500,000,000.00
20 Lu Energy MTN005 (Note 25)		1,500,000,000.00		1,500,000,000.00
Total	**23,961,345,000.00**	**7,124,260,000.00**	**3,000,000,000.00**	**28,085,605,000.00**

Note 1: On September 16, 2017, the Company issued the fifth medium-term notes of 2017 (17 Yankuang MTN005A) to Haitong Securities Co., Ltd. and other units, with a total offer amount of RMB 1 billion. After deducting the issuance expenses, the funds actually raised were RMB 0.989 billion, with a term of 3+N years, coupon rate 5.80% and par value RMB 100.00, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.80% every year, and the fixed interest rate shall be reset once every three years, and RMB 1 billion should be repaid when due on September 16, 2020. On September 26, 2017, the Company issued the fifth medium-term notes of 2017 (17 Yankuang MTN005B) to Haitong Securities Co., Ltd. and other units, with a total offer amount of RMB 500 million. After deducting the issuance expenses, the funds actually raised were RMB 495 million, with a term of 5+N years, coupon rate 6.20% and par value RMB 100.00, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 6.20%% every year, and the fixed interest rate shall be reset once every 5 years. This year, the underwriting fee to be amortized increased by RMB15.566 million. Note 2: On March 26, 2018, the Company issued the fifth medium-term notes of 2018 (18 Yankuang MTN005) to Bank of Communications Co., Ltd. and other units, with a total offer amount of RMB 1 billion. After deducting the issuance expenses, the funds actually raised were RMB 0.991 billion, with a term of 3+N years, coupon rate 6.30% and par value RMB

100.00, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 6.30% every year, and the fixed interest rate shall be reset once every three years. This year, the underwriting fee to be amortized increased by RMB 5.9748 million.

Note 3: On July 12, 2018, the Company issued the 9th medium-term notes of 2018 (18 Yankuang MTN009) to Bank of Beijing Co., Ltd. and other units, with a total offer amount of RMB 1 billion. After deducting the issuance expenses, the funds actually raised were RMB 0.991 billion, with a term of 3+N years, coupon rate 6.35% and par value RMB 100.00, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 6.35% every year, and the fixed interest rate shall be reset once every three years. This year, the underwriting fee to be amortized increased by RMB4.25 million.

Note 4: On September 18, 2018, the Company issued the 10th medium-term notes of 2018 (18 Yankuang MTN010) to Huaxia Bank Co., Ltd. and other units, with a total offer amount of RMB 1.5 billion. After deducting the issuance expenses, the funds actually raised were RMB 1.4865 billion, with a term of 3+N years, coupon rate 5.82% and par value RMB 100.00, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.82% every year, and the fixed interest rate shall be reset once every three years. This year, the underwriting fee to be amortized increased by RMB13.5 million.

Note 5: On October 10, 2018, the Company issued the 11th medium-term notes of 2018 (18 Yankuang MTN011) to Haitong Securities Co., Ltd. and other units, with a total offer amount of RMB 1.5 billion. After deducting the issuance expenses, the funds actually raised were RMB 1.4865 billion, with a term of 3+N years, coupon rate 5.62% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.62% every year, and the fixed interest rate shall be reset once every three years. This year, the underwriting fee to be amortized increased by RMB 8 million.

Note 6: On October 26, 2018, the Company issued the 12th medium-term notes of 2018 (18 Yankuang MTN012) to Haitong Securities Co., Ltd. and other units, with a total offer amount of RMB 1.5 billion. After deducting the issuance expenses, the funds actually raised were RMB 1.4865 billion, with a term of 3+N years, coupon rate 5.78% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.78% every year, and the fixed interest rate shall be reset once every three years. This year, the underwriting fee to be amortized increased by RMB 9.45 million.

Note 7: On November 7, 2018, the Company issued the 13th medium-term notes of 2018 (18Yankuang MTN013) to Bank of Communications Co., Ltd. and other units, with a total offer amount of RMB 1.5 billion. After deducting the issuance expenses, the funds actually raised were RMB 1.4865 billion, with a term of 3+N years, coupon rate 5.86% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.86% every year, and the fixed interest rate shall be reset once every three years. The underwriting fee for year 2020 to be amortized increased by RMB 6 million.

Note 8: On November 13, 2018, the Company issued the 14th medium-term notes of 2018 (18 Yankuang MTN014) to Shanghai Pudong Development Bank Co., Ltd. and other units, with a total offer amount of RMB 1 billion. After deducting the issuance expenses, the funds actually raised were RMB 0.991 billion, with a term of 3+N years, coupon rate 5.80% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.80% every year, and the fixed interest rate shall be reset once every three years. This year, the underwriting fee to be amortized increased by RMB2.8365 million.

Note 9: On December 14, 2018, the Company issued the 15th medium-term notes of 2018 (18 Yankuang MTN015) to CITIC Securities Co., Ltd. and other units, with a total offer amount of RMB 1 billion. After deducting the issuance expenses, the funds actually raised were RMB 0.991 billion, with a term of 3+N years, coupon rate 5.70% and par value RMB 100, without fixed term of repayment. Unless deferred interest

payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.70% every year, and the fixed interest rate shall be reset once every three years. This year, the underwriting fee to be amortized increased by RMB 2.6667 million.

Note 10: On July 10, 2019, the Company issued the 3rd medium-term notes of 2019 (19 Yankuang MTN003) to Guotai Junan Securities Co., Ltd. and other units, with a total offer amount of RMB 1.5 billion. After deducting the issuance expenses, the funds actually raised were RMB 1.4865 billion, with a term of 3+N years, coupon rate 5.05% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.05% every year, and the fixed interest rate shall be reset once every three years. The increase in this period includes underwriting fee of RMB 13.5 million.

Note 11: On August 22, 2019, the Company issued the 4th medium-term notes of 2019 (19 Yankuang MTN004) to Haitong Securities Co., Ltd. and other units, with a total offer amount of RMB 2 billion. After deducting the issuance expenses, the funds actually raised were RMB 1.982 billion, with a term of 3+N years, coupon rate 4.68% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 4.68% every year, and the fixed interest rate shall be reset once every three years. The increase in this period includes underwriting fee of RMB 11.095 million.

Note 12: On October 14, 2019, the Company issued the fifth medium-term notes of 2019 (19 Yankuang MTN005) to Everbright Securities Co., Ltd. and other units, with a total offer amount of RMB 2 billion. After deducting the issuance expenses, the funds actually raised were RMB 1.9905 billion, with a term of 3+N years, coupon rate 4.76% and par value RMB 100.00, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 4.76% every year, and the fixed interest rate shall be reset once every three years.

Note 13: On November 19, 2019, the Company issued the 6th medium-term notes of 2019 (19 Yankuang MTN006) to CITIC Securities Co., Ltd. and other units, with a total offer amount of RMB 1 billion. After deducting the issuance expenses, the funds actually raised were RMB 0.991 billion, with a term of 3+N years, coupon rate 4.69% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 5.70% every year, and the fixed interest rate shall be reset once every three years. The increase in this period includes underwriting fee of RMB 9 million.

Note 14: On December 04, 2019, the Company issued the 7th medium-term notes of 2019 (19 Yankuang MTN007) to Haitong Securities Co., Ltd. and other units, with a total offer amount of RMB 1 billion. After deducting the issuance expenses, the funds actually raised were RMB 0.991 billion, with a term of 3+N years, coupon rate 4.50% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 4.50% every year, and the fixed interest rate shall be reset once every three years.

Note 15: On December 26, 2019, the Company issued the 8th medium-term notes of 2019 (19 Yankuang MTN008) to China Securities Co., Ltd. and other units, with a total offer amount of RMB 1 billion. After deducting the issuance expenses, the funds actually raised were RMB 0.991 billion, with a term of 3+N years, coupon rate 4.50% and par value RMB 100, without fixed term of repayment. Unless deferred interest payment occurs, the Company shall pay interest to bond purchasers at a fixed interest rate of 4.50% every year, and the fixed interest rate shall be reset once every three years.

Note 16: On August 30, 2019, the Company initiated the establishment of "Shaanxi Guotou" Zouyan No.1 Combined Fund Trust Plan, with a total amount of RMB 1.0 billion, and invested the funds under the trust plan to Shaanxi International Trust Co., Ltd. by means of renewable debt-based investment.

Note 17: On November 8, 2019, the Company initiated the establishment of 2019 Zhongcheng Jiayuan No.2 Single Fund Trust Plan, with a total amount of RMB 1.0 billion, and invested the funds under the trust plan to China Credit Trust Co., Ltd. by means of renewable debt-based investment.

Note 18: On January 8, 2020, the Company initiated the establishment of 2019 Zhongcheng Jiayuan No.10 Single Fund Trust Plan, with a total amount of RMB 0.9 billion, and invested the funds under the trust plan to China Credit Trust Co., Ltd. by means of renewable debt-based investment.

Note 19: On December 26, 2019, the Company initiated the establishment of 2019 Zhongcheng Jiayuan No.8 Single Fund Trust Plan, with a total amount of RMB 1.0 billion, and invested the funds under the trust plan to China Credit Trust Co., Ltd. by means of renewable debt-based investment.

Note 20: As a financing entity, the Company initiated the establishment of Huatai-Yankuang Group debt-based investment plan on February 14, 2020, with a total issuance amount of RMB 2.4 billion and an investment period of 5+N years. The trustee was Huatai Asset Management Co., Ltd., and the first transfer made on July 23, 2020 amounted to RMB 550 million.

Note 21: As a financing entity, the Company initiated the establishment of Dajia-Yankuang Infrastructure debt-based investment plan on December 30, 2019, with a total issuance amount of RMB 1.8 billion and non-fixed term. The trustee was Dajia Asset Management Co., Ltd., and the first transfer made on July 29, 2020 amounted to RMB 450 million.

Note 22: With Shandong Energy Group as the borrower and China Industrial International Trust Ltd. as the lender, On June 28, 2017, China Industrial International Trust Ltd. issued Industrial Trust-Luying No.19 Single Fund Trust with a trust amount of RMB 500 million, which expired on June 8, 2020, with an issue interest rate of 6.08%.

Note 23: With Shandong Energy Group as the borrower and China Industrial International Trust Ltd. as the lender. On June 08, 2017, China Industrial International Trust Ltd. issued Industrial Trust-Luying No.19 (Phase II) Single Fund Trust with a trust amount of RMB 1.5 billion, which expired on July 3, 2020, with an issue interest rate of 6.08%.

Note 24: On July 17, 2020, the Company issued the fourth medium-term notes of 2020 (20 Lu Energy MTN004) to Industrial Bank Co., Ltd., with a total amount of RMB 1.5 billion. The issuance premium is 1.80%, and the par value of the bond is RMB 100.00.

Note 25: On August 17, 2020, the Company issued the 5th medium-term notes of 2020 (20 Lu Energy MTN005) to Industrial Bank Co., Ltd., with a total amount of RMB 1.5 billion. The issuance premium is 1.74%, and the par value of the bond is RMB 100.00.

62.Capital reserve

Item	December 31, 2019	Increase	Decrease	December 31, 2020
Capital (or stock) premium	833,886,495.76		116,060,802.35	717,825,693.41
Other capital reserve	18,705,488,411.87	1,002,273,446.59		19,707,761,858.46
Total	**19,539,374,907.63**	**1,002,273,446.59**	**116,060,802.35**	**20,425,587,551.87**

Note: Capital reserve-capital premium

1. Yanzhou Coal Conducted repo and cancelled its registration in 2020, reducing capital reserve by RMB 130,270,362.81;

2. Equity incentive of Yanzhou Coal, a subsidiary, increased capital reserve by RMB 14,209,560.46.

Note: Capital reserve-other capital reserve:

1. Inner Mongolia Yakeshi Coal Group Co., Ltd., as having been included in the consolidation scope last year, had its capital reserve increased by RMB 880,353.39 in this period as calculated according to the equity method, Zaozhuang Rural Commercial Bank Co., Ltd. had its capital reserve increased by RMB 1,157,146.76 according to the equity method, Shandong Oseya Jianyang Carbon Black Co., Ltd. had its capital reserve increased by RMB 210,995.87 according to the equity method, the subsidiary Zaozhuang Mining Group Gaozhuang Coal Mining Co., Ltd. had an increase of RMB 166,996.14 in the current period, and the entire equity of Zaozhuang Shengyuan Rongda Industrial Co., Ltd., as consolidated in this period, had the capital reserve increased by RMB 498,053.51; Zaozhuang Mining (Group) Jining Daizhuang Coal Mining Co., Ltd. increased its capital reserve by RMB 0.99 in the current period, resulting in a total impact of RMB 2,913,546.66.

2. As Zaozhuang Mining Group transferred the assets to Shandong Feihu IOT Technology Co., Ltd., the capital reserve decreased by RMB 5,633,967.89.

3. Shandong Tianzhuang Coal Mine Co., Ltd., a subsidiary of Linyi Mining Group, was shut down due to overcapacity cut. According to the "Notice on Financial Treatment of Resolving the Loss of Disposal of State-owned Assets with Excess Capacity in Iron and Steel and Coal Industry" (Cai Zi [2018] No.1), the overcapacity cut enterprise should confirm and deal with the asset losses once occurred during the overcapacity cut process. After approval, the undistributed profits, discretionary surplus reserve, statutory surplus reserve, capital reserve and paid-in amount should be written off in turn, with capital reserve written off by RMB 19,865,197.97.

4. Shandong Fiberglass Co., Ltd., a subsidiary of the Company, went public in 2020. The amount of capital contributed by minority shareholders was RMB 2,045,062.56 less than the net book assets calculated at the corresponding shareholding ratio, whereby the capital reserve was reduced by RMB 2,045,062.56.

5. In 2020, the minority shareholders of Shandong Coal Technician College, a subsidiary of the Company, withdrew, where the amount of funds withdrawn by minority shareholders was RMB 2,596,769.71 less than the net book assets calculated at the corresponding shareholding ratio, and the capital reserve increased by RMB 2,596,769.71.

6. The decrease of capital reserve of Guizhou Mining Group in the current period is caused by the disposal of long-term equity investment of Jinchang Mining by Guizhou Mining, which is RMB 19,316,462.36.

7. The original book value of Longkou Mining Group's investment in Hangzhou Meiyuan Co., Ltd. is RMB 626,327.00, with an equity ratio of 1.21%. According to the finding of inquiry, the actual equity ratio of Longkuang Group to Hangzhou Meiyuan Co., Ltd. is 1.45%, with an investment book value of RMB 751,595.00, increasing the Company's capital reserve by RMB 125,268.00.

8. Zibo Mining Group adjusted the figures of Qilu Cloud Business, in which the part belonging to the parent company was decreased by RMB 21,623.69. Qilu Cloud Business adjusted employee education funds at the end of September by taking September as the benchmark due to private placement, resulting in increase of

the capital reserve by RMB 178,135.62, which is the part attributed to the parent company.

9. The minority shareholders of Tai 'an Yijin Materials Co., Ltd., a subsidiary of International Trade Company, increased their capital up to RMB 1,348,169.40.

10. The capital reserve of the subsidiary Xinhua Medical increased by RMB 10,230,206.35, and the Company recognized an increase of capital reserve by RMB 2,943,230.37 per shareholding ratio.

11. Zibo Hospital of Shandong Guoxin Healthcare Group reduced the book value of the land by RMB 1,882,995.00, which has been valuated as the contribution to Healthcare Investment Company in 2015, and the company reduced the capital reserve by RMB 1,882,995.00.

12. Due to other changes in owner's equity of IVD Medical Holding Limited, as the equity accounting target, held by Huatuo International Development Co., Ltd., a subsidiary of Xinhua Medical, with exception of net gains and losses, other comprehensive income and profit distribution, the Company has recognized a capital reserve increase by RMB 2,563,386.62 per shareholding ratio.

13. The equity of Shandong Taishan Energy Co., Ltd. was transferred free of charge, resulting in capital reserve increase RMB 511,771.33.

14. Disposal of Wuhan Ansheng by Xinwen Mining International Trading Co., Ltd. Results in capital reserve decrease by RMB 5,955,806.16.

15. Shandong Shengquan Mining Co., Ltd. disposed of the equity of Xinlvyuan Company, resulting in capital reserve decrease by RMB 113,338.57.

16. Equity disposal by Xinwen Mining Group Material Supply & Marketing Co., Ltd. results in capital reserve decrease by RMB 60,702.50.

17. Feicheng Dongyue Energy Design Institute Co., Ltd. introduced Shandong Lutai Construction Engineering Group Co., Ltd for mixed ownership reform. in September 2020, and the capital reserve of this period increased by RMB 1,523,363.89, as the result of the evaluation of appreciation.

18. In this period, Feicheng Coal Mining Co., Ltd. Carried out handover of the socialized management for retirees, with the book value of transferred fixed assets being RMB 739,164.46, and correspondingly capital reserve decreased by RMB 739,164.46.

19. The change of shareholding ratio of Guizhou Ansheng Energy Co., Ltd. Results in capital reserve decrease by RMB 34,089,536.24.

20. Equity transfer of Zhongyin Real Estate results in capital reserve increase by RMB 590,459,040.00.

21. Shandong Geology and Mineral Resources Group Co., Ltd. transferred its equity, creditor's rights and real estate without compensation, resulting in capital reserve decrease by RMB 115,761,538.88.

22. The Prison Administration of Shandong Province transferred 100% of the equity of Shandong Luxi Power Generation Co., Ltd. as well as the rights and interests therein to the Company free of charge, resulting in

capital reserve increase by RMB 23,615,149.51.

23. Divestment by the employees of Yankuang Group Dalu Machinery Co., Ltd., a subsidiary of Yanzhou Coal, results in capital reserve increase by RMB 39,029,791.87.

24. On October 12, 2020, the Intermediate People's Court of Jining City, Shandong Province ruled on acceptance of the bankruptcy liquidation of Yankuang Aluminum International Trading Co., Ltd., a subsidiary of the Company, and appointed Shandong Kuangheng Law Office as bankruptcy administrator on October 19, 2020. On November 2, 2020, Yankuang Aluminum International Trading Co., Ltd. handed over the relevant information to the bankruptcy administrator, and the Company immediately lost its control. Therefore, it would no longer be counted to the scope of consolidation from October 31, 2020 on, and merger of its subsidiaries Yankuang International Trade (Shandong) Co., Ltd. and Yankuang Electrolytic Aluminum (Hong Kong) Co., Ltd. result in capital reserve increase by RMB 151,294,600.00;

25. The impact of the change in the shareholding ratio of Yanzhou Coal on the net assets accounts for RMB 394,235,535.06;

26. On July 28, 2020, according to the Notice of the General Office of Shandong Provincial People's Government on Printing and Distributing the Implementation Transfer Plan of Coal Mines affiliated to Provincial Prisons Administration (Lu Zheng Ban Zi [2016] No.129), the Notice of Shandong Provincial Department of Finance on Printing and Distributing the Administrative Measures for the Disposal of State-owned Assets in Provincial Administrative Institutions in Shandong Province (Lu Cai Zi [2017] No.36) and relevant national regulations, it was agreed to transfer the assets in the coal mining area of Weihu and Zoucheng prisons belonging to the Provincial Prison Administration, resulting in capital reserve increase by RMB 32,373,580.22;

27. The handling fee for paying perpetual bonds of the Company results in capital reserve decrease by RMB 37,698,113.22;

28. According to equity method, Yankuang Chemical Co., Ltd., a subsidiary company, calculated and recognized capital reserve decreased by RMB 254,382.17 in respect to Shandong Luhua Senxuan New Materials Co., Ltd.

63.Other comprehensive income

Item	December 31, 2019	Current amount						December 31, 2020
		Accrual before income tax in current period	Minus: other comprehensive income counted to the previous period is carried forward to the current gains and losses	Less: other comprehensive income counted to the previous period is carried forward to the retained earnings	Minus: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
Other comprehensive income that cannot be reclassified into profit or loss	**-5,264,371.41**	**20,832,423.85**	**-24,594,967.20**		**5,595,464.28**	**8,534,354.52**	**15,017,640.39**	**19,549,914.97**
Where: 1. Changes in fair value of other equity instruments investment								
2. Other comprehensive income that cannot be carried forward to profit or loss under the equity method	-5,264,371.41	20,832,423.85	-24,594,967.20		5,595,464.28	8,534,354.52	15,017,640.39	19,549,914.97
Other comprehensive income to be reclassified into profit or loss	-3,443,703,246.14	2,599,602,101.44	-163,372,079.78		774,692,574.88	549,224,903.16	1,455,336,635.04	-2,910,758,274.84
1.Other comprehensive income of transferable to gains and losses under equity method	-11,995,402.93	-143,057,652.77				-78,386,412.95	-66,570,312.84	-88,482,742.86
2. Gains and losses from changes in fair value of available-for-sale financial assets	92,573,934.72	-76,390,674.11				-78,796,633.93		16,183,260.61
3.Held-to-maturity investment is reclassified as gains and losses of available-for-sale financial assets								
4. Changes in fair impairment of other debt investments								
5.Cash flow hedge reserve								
6.Effective part of cash flow hedge gains and losses	-521,509,256.77	1,049,738,285.38	-163,372,079.78		708,043,304.87	437,694,983.36	87,957,041.63	-104,399,238.11
7.Translation difference of foreign currency financial statements	-3,093,411,409.18	495,789,732.50				156,722,198.29	339,067,534.21	-2,936,689,210.89
8.Other comprehensive income to be reclassified into profit or loss in the future		1,094,882,372.04					1,094,882,372.04	
9. Others	90,638,888.02	178,640,038.40			66,649,270.01	111,990,768.39		202,629,656.41
Total other comprehensive income	**-3,448,967,617.55**	**2,620,434,525.29**	**-187,967,046.98**		**780,288,039.16**	**557,759,257.68**	**1,470,354,275.43**	**-2,891,208,359.87**

64.Special reserve

Item	December 31, 2019	Increase	Decrease	December 31, 2020
Expenses for safe production and maintaining simple reproduction	6,140,984,872.31	4,737,980,158.62	6,171,059,546.81	4,707,905,484.11
Development Fund and Reserve	483,024,921.74	251,710,143.05	148,842,364.55	585,892,700.24
Others	68,728,444.39	73,341,112.17	56,806,391.74	85,263,164.83
Total	**6,692,738,238.44**	**5,063,031,413.84**	**6,376,708,303.10**	**5,379,061,349.18**

65.Surplus reserve

Item	December 31, 2019	Increase	Decrease	December 31, 2020
Statutory surplus reserve	385,352,817.48			385,352,817.48
Total	**385,352,817.48**			**385,352,817.48**

66.General risk provision

Item	December 31, 2019	Increase in current period	Decrease in current period	December 31, 2020
General risk provision	53,005,357.76	7,608,059.56		60,613,417.32
Total	**53,005,357.76**	**7,608,059.56**		**60,613,417.32**

67.Undistributed profits

Item	Year 2020	Year 2019
Amount at the end of last year before adjustment	26,034,821,996.61	21,853,976,060.95
Adjust the undistributed profit at the beginning of the period (increase+, decrease-)		-844,750,833.47
Adjusted amount at the end of last year	26,034,821,996.61	21,009,225,227.48
Increase in this year	7,225,182,044.00	6,289,034,152.05
Where: the net profit attributable to the owners of the parent company this year	8,016,986,547.55	6,919,661,816.63
Other adjustment factors	-791,804,503.55	-630,627,664.58
Decrease in this year	2,558,549,690.09	1,263,437,382.92
Including: the amount of surplus reserve withdrawn this year		
General risk reserves withdrawn this year	-42,672,927.97	51,668,816.26
Distribution to owners (or shareholders)	2,601,222,618.06	1,211,768,566.66
Closing amount	**30,701,454,350.52**	**26,034,821,996.61**

Note: Undistributed profit – other adjustment factors

1. The change of consolidation scope of Wujiu Collective, Rizhao Forestry, Hebei Rao 'an, Yunnan Sipaier and other companies under Zaozhuang Mining Group results in an increased (of undistributed profit) by

RMB 145,664,713.54;

2. The total equity of Shengrongda Company as consolidated in the current period results in a decrease (of undistributed profit) by RMB 20,103,895.20;

3. The impact of the change in consolidated figure of Mining Management Zhaojiashan Branch results in an increased (of undistributed profit) by RMB 1,367,842.51;

4. Disposal of assets by Zaozhuang Mining Group results in decrease by RMB 6,629,578.72 in the current period.

5. The disposal of handover of assets for socialized management of retirees of Zhongxing Energy results in decrease by RMB 11,365,780.53 in the current period;

6. In 2020, Tianzhuang Coal Mine Co., Ltd. and Shengjian Coal Mine in Wusuotun, Shandong Province successively offset undistributed profits, discretionary surplus reserves, statutory surplus reserves, capital reserves and paid-in capital due to the shutdown under overcapacity cut program, where the loss of overcapacity cut offset undistributed profits by RMB 235,548,153.56; and the handover assets for power, water and heat supplies and property management offset the undistributed profits by RMB 10,745.92.

7. The company transferred the assets related to socialized management of retirees to the platform designated by Longkou Municipal People's Government free of charge, and the assets transfer results in a decrease by RMB 2,018,576.94.

8. The proceeds from Deregistration and liquidation of Jining New Building Materials Co., Ltd., a subsidiary of Fangda Company, result in a decrease by RMB 190,900.09, and the reversal of dividends payable to the original shareholders of Sealing Element (Co.) made by Aike Company results in an increase of the undistributed profits by RMB 41,151.89.

9. The profit being affected by the withdrawal of employee incentive and welfare funds and the dividend payable to common shares for Xinhua Medical results in a decrease by RMB 7,014,628.30.

10. The profit being affected by the dividends payable by Luyi Holding to ordinary shares results in a decrease by RMB 598,200.00.

11. For the disposal of Gloden City by Guoxin Healthcare Investment & Development, invested in the development and disposal of Huang Jincheng, and the capital reserve was not enough to offset, so the surplus reserve and undistributed profits were offset, resulting in profit being affected with a decrease by RMB 21,719,997.94.

12. The profit being affected by the merger of Kangzhiyuan results in a decrease by RMB 586,653.53.

13. The profit being affected by free-of-charge transfer of assets for retirement management institutions results in a decrease by RMB 390,336.30.

14. According to the ruling [(2020) Ji 07 Min Po No.2-1 of Zhangjiakou Intermediate People's Court of Hebei

Province, Zhangjiakou Chengxin Bankruptcy Liquidation Office Co., Ltd. was appointed as the manager of Zhangjiakou Energy Co., Ltd. of Feicheng Mining Group, and the undistributed profit was reduced by RMB 616,018,488.67 because Zhangjiakou Energy Co., Ltd. of Feicheng mining group was no longer counted to the scope of consolidation.

15. According to the ruling No.0725 Min Po No.2 (2020) of Chenbaerhuqi People's Court of Inner Mongolia Autonomous Region, Hulun Buir Huaxin Certified Public Accountants was appointed as the manager of Hulun Buir Dazheng Energy Development Co., Ltd., and the undistributed profit was reduced by RMB 4,804,051.06 because Hulun Buir Dazheng Energy Development Co., Ltd. was no longer counted to the scope of consolidation.

16. Shandong Shenneng Coal-fired Power Investment Co., Ltd. deregistered on July 27, 2020 in Market Supervision Administration of Jining High-tech Industrial Development Zone according to the Reply of Shandong Energy Group Co., Ltd. on the Disposal Plan of Five "Zombie" Enterprises including Zhangjiakou Energy Co., Ltd. (document code: Shandong Energy Zi [2019] No.221), whereby the liquidation gains and losses was recognized at RMB 13,237,461.98,, and the undistributed profit was decreased by RMB 13,237,461.98 accordingly.

17. The undistributed profits being affected by the newly-added merger into Pingliang Wuju Coal Mining Co., Ltd. results in a decrease by RMB 901,643.65.

18. The change of shareholding ratio in Guizhou Ansheng Energy Co., Ltd. results in an increase of undistributed profit by RMB 10,896,265.38.

19. The special reserve provided for disposal of deregistered Yankuang Donghua Logistics Co., Ltd. results in an increase of the undistributed profit by RMB 2,773,581.70.

20. Yanzhou Coal handed over kindergartens and assets for socialized management of retirees, resulting in a decreased by RMB 6,390,989.22;

21. Free-of-charge transfer of the assets of Jidong Hospital of Yankuang Donghua Group Co., Ltd., which are allocated to the Management Committee of Taibaihu New District of Jining without compensation, results in a decrease of undistributed profit by RMB 2,282,291.94.

68.Operating income and operating cost

Item	Year 2020		Year 2019	
	Income	Cost	Income	Cost
Main business	639,824,067,576.98	579,655,093,562.97	571,615,037,849.40	499,260,587,948.67
Other businesses	35,117,785,301.70	31,087,288,995.71	35,207,885,449.13	29,898,093,586.75
Total	**674,941,852,878.68**	**610,742,382,558.68**	**606,822,923,298.53**	**529,158,681,535.42**

Note 1: Main business income includes coal, coal chemical industry and trade income.

Note 2: Other business income includes materials sales, transportation business, engineering services,

medical services and other income.

69.Net income from handling fees and commission

Item	Year 2020	Year 2019
Income from handling fees and commission	75,195,461.10	65,600,073.66
Expenses relating to handling fees and commission	148,687.16	191,805.98
Net income from handling fees and commission	**75,344,148.26**	**65,791,879.64**

70.Cost of sales

Item	Year 2020	Year 2019
Transportation and miscellaneous fees	5,465,291,690.15	5,618,159,692.61
Mining right	1,245,357,916.11	1,630,051,608.54
Employee payroll	1,221,732,141.88	1,126,846,207.09
Advertising cost	72,064,632.48	28,056,099.93
Travel allowance and expenses	120,618,334.69	142,378,670.42
Sales service charges	437,116,959.24	388,650,185.04
Commission fee	230,307,806.36	286,225,786.01
Operating outlays	26,990,238.53	14,449,048.89
Repair cost	66,926,813.25	57,731,004.36
Administrative expenses	39,619,753.90	66,866,355.88
Warehousing and storage fee	60,865,916.50	45,387,483.15
Depreciation cost	97,175,088.61	94,039,066.29
Materials and low-value consumables	48,635,534.86	34,018,276.00
Rental fees	22,945,317.30	27,004,069.18
Others	449,563,847.99	632,961,941.14
Total	**9,605,211,991.85**	**10,192,825,494.53**

71.Management cost

Item	Year 2020	Year 2019
Employee payroll	11,855,213,854.73	11,504,497,871.95
Repair cost	1,561,714,240.18	1,721,394,637.78
Depreciation cost	1,977,579,807.79	2,071,719,360.00
Consulting and service fees	469,033,064.46	443,611,345.93
Amortization of intangible assets	650,464,498.54	491,048,183.21

Item	Year 2020	Year 2019
Administrative expenses	267,861,403.44	276,930,410.96
Rental fees	234,485,732.50	180,570,663.60
Travel allowance and expenses	143,590,897.64	213,733,980.00
Business entertainment expenses	130,695,206.30	155,640,606.84
Fees for hiring intermediaries	279,361,379.96	178,838,359.39
Legal fare	38,563,509.33	26,220,525.04
Insurance expenses	26,902,641.34	21,474,712.90
Amortization of materials and low-value consumables	276,622,917.09	227,434,046.10
Funds for party building	171,266,414.27	182,746,880.49
Property management fee	192,511,859.24	195,147,955.86
Transport cost	71,392,742.50	69,571,855.10
Heating cost	71,248,427.70	67,400,950.88
Local levies and charges	47,025,392.17	47,018,869.59
Amortization of long-term deferred expenses	161,527,401.48	164,846,451.12
Others	659,347,360.92	561,829,216.12
Total	**19,286,408,751.58**	**18,801,676,882.86**

72.R&D expenses

Item	Year 2020	Year 2019
Materials	1,491,197,202.98	1,119,227,490.67
Employee payroll	1,230,330,206.17	1,165,524,304.12
Charges for water and electricity	104,789,192.55	80,188,465.96
Depreciation cost	191,570,717.77	121,572,081.46
Technical service fees	261,615,839.62	255,488,326.48
Others	73,064,295.38	168,036,623.78
Total	**3,352,567,454.47**	**2,910,037,292.47**

73.Financial expenses

Item	Year 2020	Year 2019
Interest expenses	12,427,219,665.88	13,010,535,501.57
Minus: interest income	2,839,961,583.34	2,476,010,353.97
Net gains and losses from exchange	-244,253,547.90	95,525,036.87
Other expenditures	1,196,032,685.67	1,119,053,279.80

Item	Year 2020	Year 2019
Total	**10,539,037,220.31**	**11,749,103,464.27**

74. Other incomes

Item	Year 2020	Year 2019
Government subsidy	1,856,922,279.89	1,088,612,257.03
Others	147,301,495.46	101,908,519.26
Total	**2,004,223,775.35**	**1,190,520,776.29**

75.Investment income

Sources of investment income	Year 2020	Year 2019
Long-term equity investment income accounted by equity method	344,967,058.64	672,442,409.64
Investment income from disposal of long-term equity investment	2,145,471,829.06	1,802,708,189.79
Investment income of derivative financial assets during holding period	330,319.62	
Gains from debt restructuring	46,770,369.73	
Investment income obtained during the holding period of financial assets measured at fair value and whose changes are counted to current profits and losses	282,203,355.38	213,275,905.76
Investment income from disposal of financial assets measured at fair value and whose changes are counted to current profits and losses	-164,704,408.37	142,750,433.59
Investment income obtained from held-to-maturity investment during the holding period	326,196,620.11	-16,417,975.27
Investment income from disposal of held-to-maturity investment	22,106,800.34	
Investment income of available-for-sale financial assets during holding period	238,898,017.81	221,140,055.05
Investment income from disposal of available-for-sale financial assets	1,880,997,017.73	76,259,413.67
Interest income during the holding period of debt-backed investment		47,419,811.48
Other interest income during the holding period of debt-backed investments	425,902.14	
Investment income from loans on mandate	6,243,496.46	
Re-measurement of fair value of long-term equity investment	4,473,780,759.13	
Gains from remeasurement of the remaining equity at fair value after the loss of control	-4,518,596.63	143,978,675.45
Income from derecognition of financial assets measured at amortized cost	3,264,886.00	
Others	-42,492,464.04	34,916,250.58
Total	**9,559,940,963.11**	**3,338,473,169.74**

76.Net exposure hedging income

Sources of net exposure hedging income	Year 2020	Year 2019
Amount of changes of accumulated fair value of hedged items transferred into current profits and losses under net exposure hedging		
Amount of cash flow hedging reserve transferred into current profits and losses under net exposure hedging	-886,499,035.14	-917,592,250.85
Total	**-886,499,035.14**	**-917,592,250.85**

77. Gains from changes in fair value

Sources of gains from changes in fair value	Year 2020	Year 2019
Financial assets measured at fair value and whose changes are counted to current gains and losses	390,030,394.08	506,446,756.82
Where: fair value change income from derivative financial instruments	48,123,262.29	345,339,074.96
Financial liabilities at fair value through profit or loss	42,433,540.88	56,024,732.95
Investment real estate measured at fair value	129,789,116.51	216,280,600.76
Others	23,106,502.28	26,749,547.21
Total	**585,359,553.75**	**805,501,637.74**

78.Loss of credit impairment

Item	Year 2020	Year 2019
Bad debt losses	-58,429,781.63	-180,537,673.09
Impairment loss of other current assets	74,844,474.84	-108,068,846.97
Total	**16,414,693.21**	**-288,606,520.06**

79.Asset impairment loss

Item	Year 2020	Year 2019
Bad debt losses	-1,315,625,310.33	-3,840,692,732.46
Inventory falling price loss	-164,074,763.01	-40,821,408.98
Impairment loss of available-for-sale financial assets	-6,323,673.00	-7,464,941.55
Impairment loss of assets related to contract performance cost	-237,829.34	
Impairment loss of long-term equity investment	-382,281,048.40	-212,871,082.82
Impairment loss of fixed assets	-146,348,886.11	-190,747,172.55
Impairment loss of engineering materials		-14,181,851.99
Impairment loss of goodwill	-36,437,893.11	-289,721,993.53
Impairment loss of Construction in Progress	-10,094,096.76	
Impairment loss of intangible assets	4,945,060.36	-209,564,497.98
Total	**-2,056,478,439.70**	**-4,806,065,681.86**

Note: The reason for the impairment loss of intangible assets being positive is that Jining Municipal Bureau of Land and Resources stopped the levying on the value-added part of mining right of Geting Coal Mine as evaluated in previous years.

80.Income from asset disposal

Item	Year 2020	Year 2019
Total gains from disposal of non-current assets	74,145,311.77	13,464,701.21
Where: gains from disposal of fixed assets	-7,342,799.96	5,263,426.05
Gains from disposal of intangible assets	76,248,770.15	8,201,275.16
Total	**74,145,311.77**	**13,464,701.21**

81.Non-operating income

Item	Year 2020	Year 2019
Gains from destruction and retirement of non-current assets	43,421,212.27	76,024,946.30
Confiscation income	41,424,772.98	75,682,510.06
Income from compensation for breach of contract	7,814,440.86	206,777,433.96
Government subsidies unrelated to daily business activities	504,548,836.34	592,403,822.45
Replacement of money paid for resources for Dongwan Coal Mine	175,959,905.00	
Dishonored payables	123,833,889.80	206,253,907.49
Debt restructuring	49,248,611.66	300,542,310.63
Acquisition gains	1,295,033,974.19	
Others	981,751,198.35	660,589,567.39
Total	**3,223,036,841.45**	**2,118,274,498.28**

Note: The acquisition gains include RMB 834,510,427.45 from capital increase of Inner Mongolia Mining Industry and RMB 460,523,546.74 from acquisition of 10% equity of Moolarben.

82.Non-operating expenditure

Item	Year 2020	Year 2019
Loss of damage and scrapping of non-current assets	616,289,072.58	135,700,293.34
Foreign donation expenditure	130,859,311.89	71,589,488.67
Expenditures for compensation, liquidated damages and various fines	263,136,310.39	87,725,567.77
Funds for maintenance in water, electricity and heat supplies and property management	86,223,714.53	98,695,243.78
Cost for disposal of hazardous wastes	23,341,127.36	32,916,902.65
Expenditure on shantytown rebuilding	2,270,916.00	8,424,672.11
Fine for tax overdue	74,206,024.78	108,314,054.11

Item	Year 2020	Year 2019
Shutdown expenses and compensation	245,930,046.16	241,865,214.24
Zaozhuang Mining Group Medical Insurance Pooling Fund	630,000,000.00	1,050,000,000.00
Separation and handover of medical injury and maternity insurance		32,000,000.00
Separation and handover of kindergartens		85,982,580.00
Subsidies for operation of Jidong Hospital		30,000,000.00
Loss due to consolidation of Watagan in the statement of balance	6,844,010,052.25	
Others	76,155,771.35	157,403,907.98
Total	**8,992,422,347.29**	**2,140,617,924.65**

Note: Yanzhou Coal, a subsidiary of the Company, included Watagan in the consolidation scope in this period. On December 16, 2020, the Australian company confirmed a one-time loss of A$1.383 billion, equivalent to RMB 6.844 billion, which was counted to non-operating expenses.

83.Income tax expenses

Item	Year 2020	Year 2019
Current income tax expenses	4,371,584,944.86	7,613,635,321.16
Deferred income tax expenses	1,456,895,044.78	1,323,235,648.04
Total	**5,828,479,989.64**	**8,936,870,969.20**

84.Supplementary information of consolidated cash flow statement

(1) Supplementary information of consolidated cash flow statement

Supplementary information	Year 2020	Year 2019
1. Adjust net profits to cash flow from operating activities:		
Net profits	11,178,665,988.71	16,844,719,366.37
Plus: provision for asset impairment	2,056,478,439.70	4,806,065,681.86
Impairment loss of credit assets (new standards applicable)	-16,414,693.21	288,606,520.06
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	17,813,126,444.78	16,856,750,115.41
Amortization of intangible assets	4,313,993,522.30	4,153,310,234.91
Amortization of long-term prepaid expenses	1,394,748,586.33	825,206,027.20
Loss on asset disposal (income indicated by "-")	-74,145,311.77	51,321,948.21
Loss of fixed assets scrapping (income indicated by "-")	572,867,860.31	58,416,050.02
Loss from changes in fair value (income indicated by "-")	-585,359,553.75	121,304,798.73
Financial expenses (income indicated by "-")	12,432,029,731.43	13,702,969,434.98
Investment loss (income indicated by "-")	-9,559,940,963.11	-3,338,473,169.74

Supplementary information	Year 2020	Year 2019
Deferred income tax assets decrease (increase indicated by "-")	13,574,847.79	5,744,460,394.81
Deferred income tax liabilities increase (decrease indicated by "-")	3,905,430,001.67	-4,525,401,004.72
Inventory decrease (increase indicated by "-")	-11,221,361,903.95	-5,656,388,917.73
Decrease of operating receivables (increase indicated by "-")	-353,497,534.43	-28,773,300,418.04
Increase of operating payables (decrease indicated by "-")	-581,750,231.71	10,585,357,563.92
Others		712,424,439.45
Net cash flow from operating activities	**31,288,445,231.09**	**32,457,349,065.70**
2. Major investment and financing activities without cash receipts and payments involved:		
Debt converted to capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under financing lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	40,173,751,263.48	41,701,637,565.95
Minus: opening balance of cash	41,701,637,565.95	57,171,078,901.33
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	**-1,527,886,302.47**	**-15,469,441,335.38**

(2) Composition of cash and cash equivalents

Item	December 31, 2020	December 31, 2019
I. Cash	40,173,751,263.48	41,701,637,565.95
Where: cash on hand	4,310,263.02	5,817,741.43
Bank deposits that can be used for payment at any time	39,898,120,592.23	41,341,057,704.37
Other monetary funds that can be used for payment at any time	271,320,408.23	354,762,120.15
Funds deposited with the central bank for payment		
Deposits for interbank borrowing		
Interbank offer for lending		
II. Cash equivalents		
Where: bond investment due within three months		
III. Closing balance of cash and cash equivalents	40,173,751,263.48	41,701,637,565.95
Where: the parent company or subsidiaries within the group use restricted cash and cash equivalents	19,253,652,155.32	18,995,896,428.15

IX.Commitments and contingencies

(I) Important commitments

1. Important external commitments: nature and amount:

Commitment issues	December 31, 2020 (in thousand RMB)	December 31, 2019 (in thousand RMB)
Rongxin Methanol Plant Phase 2 Project	133,154	2,024,632
Yulin Methanol Plant Phase 2 Project	213,578	678,304
Lunan Chemical - Coal Chemical Project	929,424	
Jinjitan Mine and Coal Preparation Plant Project	836,889	
Yingpanhao Coal Mine Project	40,238	1,072,790
Shilawusu Mine and Coal Preparation Plant Project	559,029	1,329,854
Wanfu Coal Mine Project	243,499	424,516
Financial lease equipment purchase	167,396	796,940
Others	1,604,450	2,353,637
Total	**4,727,657**	**8,680,673**

2. In November 2018, Zaozhuang Mining Group and Zaozhuang Municipal People's Government signed the Agreement on Incorporating Social Insurance of Zaozhuang Mining Group into Overall Management Program of Zaozhuang City. From January 1, 2019, the medical insurance (including serious illness relief and insurance), industrial injury insurance and maternity insurance managed by Zaozhuang Mining Group would be incorporated into overall management program of Zaozhuang City. Zaozhuang Mining Group paid the transitional expenses of RMB 2.2 billion for medical insurance and industrial injury insurance to Zaozhuang Municipal People's Government, excluding the one-time medical subsidy of RMB 99.14 million for retirees of bankrupt enterprises which had been allocated to the account of Zaozhuang Municipal People's Government by the central finance. All the funds, totaling 2.10086 billion, which are required to be paid by the Company, would be turned over to the special financial account of Zaozhuang Municipal People's Government in installments of three years. Among them, 50% would be paid before 2019, amounting to RMB 1.05 billion; 30% before the end of December 2020, amounting to RMB 630 million; and 20% before the end of December 2021, amounting to RMB 420.86 million.

Zaozhuang Mining Group has paid RMB 1.05 billion in 2019 and RMB 630 million in 2020, and the remaining RMB 420.86 million is to be fully paid in 2021.

3. Matters related to the performance commitment of the original shareholders of Chengdu Yingde Biomedical Equipment Technology Co., Ltd.:

In 2014, the Company acquired 85% equity of Chengdu Yingde Biomedical Equipment Technology Co., Ltd. (hereinafter referred to as Chengdu Yingde) held by 10 natural persons including Sui Yong, Chengdu Deguangcheng Investment Center (Limited Partnership), Shenzhen Zhongguan Chuangfu Investment Enterprise (Limited Partnership) and Ningbo Zhiwang Bohao Venture Capital Partnership (Limited Partnership) by means of issuing shares and paying cash. According to the Profit Forecast &Compensation Agreement for Issuing Shares and Paying Cash for Assets Purchase signed by the Company and nine natural persons including Sui Yong (hereinafter referred to as the Profit Forecast & Compensation Agreement), the audited net profit attributable to the parent company realized by 100% equity of Chengdu Yingde every year in the four fiscal years from the year when the transaction is completed (the lower before and after deducting non-recurring gains and losses) is not lower than the forecast figure indicated in the asset appraisal report for the same period, and it is not less than RMB 38 million for year 2014, not less than RMB 42.8 million for 2015, RMB 45.8 million for 2016 and RMB 46.8 million for 2017. At the same time, according to the "Profit Difference Arrangement" in the Profit Forecast and Compensation Agreement, if Chengdu Yingde fails to

achieve the above net profit target as agreed, the nine natural persons including Sui Yong promise to compensate the Company in cash, and the compensation amount is: (the target net profit of the current year (excluding non-recurring gains and losses)-the actual realized net profit (excluding non-recurring gains and losses)) ×2.

The lower of Chengdu Yingde's net profit as realized from 2014 to 2017 attributable to the parent company per the comparable basis and the net profit attributable to the parent company after deducting non-recurring gains and losses is RMB 31.6335 million, RMB 32.5224 million, RMB -50.5783 million and RMB -46.8486 million respectively. According to the above agreement, as of December 31, 2018, the total amount of compensation that the nine natural persons including Sui Yong should pay to the Company is RMB 413.342 million, and the Company has actually received RMB 22.6839 million, with the balance of RMB 390.6581 million still to be recovered.

In view of the failure of the nine natural persons including Sui Yong to fulfill their compensation obligations on time, the Company filed a lawsuit with the court according to law on June 2, 2017, demanding them to repay the performance compensation. In August 2017, the Company applied to the court to freeze all Xinhua Medical shares held by nine natural persons including Sui Yong. In September 2017, the Company applied to the court to freeze the 12.16% equity of Chengdu Yingde held by nine natural persons including Sui Yong. On August 15, 2019, the Company received the Civil Judgment [(2018) Lu Min Chu No.103] issued by the Shandong Senior People's Court. The first-instance judgment was as follows: After hearing by the Shandong Senior People's Court, the plaintiff's request for the nine defendants to pay performance compensation was justified, but as they actually participated in management and operation, they were responsible for the decline in performance. According to the principle of fairness and reasonableness, the Shandong Senior People's Court made a discretionary decision on the liability of the nine defendants, and ordered the nine natural persons, including Sui Yong, to pay the plaintiff Xinhua Medical a total of RMB 133.0188 million as the profit compensation for the year 2016 and 2017 within ten days from the effective date of this judgment (where: RMB 67,464,800 for 2016 and RMB 65,554,000 for 2017), as well as the interest for payment in arrear (per 0.05%/day for unpaid profit compensation). Dissatisfied with the appeal judgment, the Company filed an appeal with the Shandong Senior People's Court on August 22, and appealed to the Supreme People's Court. The Company received the acceptance notice from the Supreme People's Court in December 2019, and as of December 31, 2020, no court session had been held.

As of December 31, 2020, the fair value of all Xinhua Medical stocks held by the nine natural persons including Sui Yong was RMB 40,569,200, and the fair value of 12.16% equity of Chengdu Yingde was RMB 5,513,900, totaling RMB 46,083,100. According to the fair value of the frozen assets mentioned above, the Company carried out relevant accounting treatment by counting RMB 40,569,200 of transactional financial assets and RMB 5,513,900 of other receivables-performance compensation. At the same time, the gains and losses from changes in fair value were reduced by RMB 171,200 in this period, and asset impairment losses of other receivables-performance compensation RMB 261,200.

(II) Important contingencies

1.Yancoal Australia and its joint ventures

Item	December 31, 2020 (in thousand RMB)	December 31, 2019 (in thousand RMB)
Provide performance guarantee for daily operation	2,061,612	2,033,403
Provide performance guarantee to government departments for the restoration cost of certain mining rights in accordance with legal requirements	1,995,719	2,463,628
Total	**4,057,331**	**4,497,031**

2. Lawsuit of Xiamen Xinda Contract

In March 2017, Xiamen Xinda Co., Ltd. ("Xiamen Xinda") sued the Company and its subsidiary Shandong Zhongyin Logistics Trading Co., Ltd. ("Zhongyin Logistics") to Xiamen Intermediate People's Court ("Xiamen Intermediate Court") and Huli District People's Court of Xiamen City on the grounds of sales contract disputes, requiring Zhongyin Logistics to return the total principal of the purchase price of RMB 196.161 million and corresponding interest, and requiring the Company to bear joint and several liability. In June 2017, the Company appealed to the Fujian Senior People's Court ("Fujian High Court") on the jurisdictional objection, and the Fujian High Court ruled that the two cases tried by Xiamen Intermediate Court would be merged into one case (RMB102.5 million) to be tried by Fujian Senior Court, while the remaining cases would be tried by Xiamen Intermediate Court.

On July 3, 2018, the first trial of the case heard by Fujian Senior Court was held, and both parties jointly applied to the court to postpone the trial in order to buy time for compromise between the two parties. The court agreed to suspend the trial, with the hearing time pending for further notice.

On July 17, 2018, regarding the case heard by Xiamen Intermediate Court, the court organized all parties to participate in the pre-trial cross-examination, after which Xiamen Intermediate Court suspended the trial of the case.

After investigation and verification by the Company, the seals of the Company and Zhongyin Logistics used in the relevant evidence submitted by the plaintiff were all suspected of forgery. In this case, the third party Shanghai Luxiao Mining Co., Ltd. and related persons liable are suspected of forging company seals to commit contract fraud. The Company has reported the case to the public security organ according to law, which had been filed for investigation.

In September, 2019, Xiamen Xinda applied to Xiamen Intermediate Court for withdrawal of the lawsuit, which was accepted by the later. In September, 2019, Xiamen Xinda applied to Fujian Senior Court for withdrawal of the lawsuit, which was accepted by the later.

In March 2020, Xiamen Xinda sued Zhongyin Logistics and the Company to Xiamen Intermediate Court on the grounds of disputes over sales contracts, demanding Zhongyin Logistics to return the principal and corresponding interest totaling RMB 232,661,000, and demanding the Company to bear joint and several liabilities. Up to date, Xiamen Intermediate Court has not yet made a ruling.

As of December 31, 2020, it was impossible to judge the impact of this lawsuit on the current profit or future profit of the Company.

3. Contract dispute case of Shandong Hengfeng Power Fuel Co., Ltd.

(1) Lawsuit filed by Weihai Commercial Bank Co., Ltd.

In October 2015, Weihai Commercial Bank Co., Ltd. ("Weishang Bank") sued the Company to Jining Intermediate People's Court ("Jining Intermediate Court") on the ground that Shandong Hengfeng Power Fuel Co., Ltd. ("Hengfeng Company") pledged its accounts receivable of RMB 103.42 million to Weishang Bank, requiring the Company to bear the responsibility of repaying the principal amount of RMB 99.119 million plus corresponding interest. On July 16, 2018, Jining Intermediate People's Court held a trial in the first instance, and the first-instance judgment was received on October 25, 2018. Jining Intermediate People's Court ruled that the Company should bear joint and several liability within the scope of pledge principal and interest of accounts receivable of RMB 144.637 million. On November 5, 2018, the Company filed an appeal with Shandong Senior People's Court ("Shandong Senior Court").

In May 2019, Shandong Senior Court issued a civil ruling, revoking the first-instance judgment of Jining Intermediate Court and sending the case back to Jining Intermediate Court for retrial.

In January, 2020, Jining Intermediate Court re-examined the first-instance judgment and rejected the claim of Weishang Bank, and the later appealed to Shandong Senior Court.

In December, 2020, Shandong Senior Court ruled that the Company should bear 30% of the liability for supplementary compensation to Weishang Bank for the impayable part of principal and interest of the loan

that Hengfeng Company should pay off to Weishang Bank (the scope of liability is limited to the total amount of accounts receivable of RMB 144.637 million).

The findings of investigation and verification showed that the Company had never handled any pledge transactions of accounts receivable with Weishang Bank. The Company believes that Hengfeng Company is suspected of forging the seal of the Company and handling the pledge financing business of accounts receivable in financial institutions, while the judgment of Shandong Senior Court is contrary to the facts, so the Company should not be liable for compensation, whereby the Company intended to apply to the Supreme People's Court for retrial.

(2) Lawsuit of China Construction Bank Jining Dongcheng Sub-branch

In November 2015, China Construction Bank Jining Dongcheng Sub-branch sued 7 defendants including Hengfeng Company and the Company to Jining Intermediate People's Court on the ground of financial loan contract dispute, demanding Hengfeng Company to repay the loan principal of RMB 59.669 million plus corresponding interest. As Hengfeng Company pledged its accounts receivable of RMB 79.131 million (suspected of forgery) to China Construction Bank Jining Dongcheng Sub-branch, the later demanded the Company to fulfill the corresponding payment obligations within the pledge scope of accounts receivable of RMB 79,131 million. In April, 2018, Jining Intermediate People's Court ruled in the first instance that the Company should assume the priority repayment responsibility within the pledged value of accounts receivable of RMB 79.131 million. The Company filed an appeal with Shandong Senior Court in May 2018. On December 28, 2018, Shandong Senior Court issued a civil ruling, revoking the first-instance judgment of Jining Intermediate Court and sending the case back to Jining Intermediate Court for retrial.

In May 2020, Jining Intermediate People's Court re-examined the first instance and ruled that the Company should bear one-third of the compensation liability for the part that Hengfeng Company could not pay off (with the total amount not exceeding its promised accounts receivable amount of RMB 79.131 million).

The findings of investigation and verification showed that the Company had never handled any pledge transactions of accounts receivable with CCB Jining Dongcheng Sub-branch. The Company believes that Hengfeng Company is suspected of forging the seal of the Company and handling the pledge financing business of accounts receivable in financial institutions, while on the ground that Jining Intermediate People's Court's re-examination of the first-instance judgment is against the facts, the Company should not be liable for compensation, whereby the Company has appealed to Shandong Senior Court.

As of December 31, 2020, it was impossible to judge the impact of the above-stated lawsuit on the current profit or future profit of the Company.

4. Lawsuit of China Construction Bank Jining Guhuai Road Sub-branch

In June 2017, China Construction Bank Guhuai Road Sub-branch sued 8 defendants including the Company and Jining Liaoyuan Trading Co., Ltd. ("Liaoyuan Company") to Jining Intermediate People's Court ("Jining Intermediate Court") on the ground of financial loan contract disputes, requiring Jining Liaoyuan Trading Co., Ltd. to repay the loan principal of RMB 95.859 million plus corresponding interest; As Liaoyuan Company pledged its accounts receivable of RMB 90.52 million (suspected of forgery) to the plaintiff, it required the Company to undertake joint and several repayment responsibility within the scope of accounts receivable. Jining Intermediate Court held a court hearing on January 24, 2018. The Company applied to the court for judicial authentication of the seal in the relevant evidence materials. The authentication result shows that the seal was false and the signature was true. On July 19, 2018, Jining Intermediate Court held its first trial, and on October 15, 2018, it issued a civil judgment, ruling that the Company should bear joint and several liability for repayment within the scope of accounts receivable of RMB 95.859 million. The Company filed a lawsuit with Shandong Senior People's Court ("Shandong Senior Court") on November 12, 2018.

In August 2019, Shandong Senior Court issued a civil ruling, revoking the first-instance judgment of Jining Intermediate Court and sending the case back to Jining Intermediate Court for retrial.

In April 2020, Jining Intermediate People's Court re-examined the first instance and ruled that the Company

would not bear joint and several liability.

On October 9, 2020, Shandong Senior People's Court ruled that the Company lost the case, requiring the Company to undertake supplementary compensation liability according to 50% of the scope of liability (which is limited to the total amount of accounts receivable of RMB 90.52 million).

The Company believes that the judgment of Shandong Senior Court is contrary to the facts, so the Company should not be liable for compensation, whereby the Company proposes to appeal to the Supreme People's Court.

As of December 31, 2020, it was impossible to judge the impact of this lawsuit on the current profit or future profit of the Company.

5. Arbitration case of Inner Mongolia Xinchangjiang Mining Investment Co., Ltd.

In April 2018, Inner Mongolia Xinchangjiang Mining Investment Co., Ltd. ("Xinchangjiang") filed an arbitration application with China International Economic and Trade Arbitration Commission ("CIETAC") on the ground that the company violated the relevant equity transfer agreement between the two parties, demanding the Company to pay the equity transfer consideration of RMB 748.5 million, the corresponding liquidated damages of RMB 656 million, as well as the legal fees, arbitration fees and preservation fees involved in this case, totaling about RMB 1.435 billion. CIETAC held its first hearing on October 12, 2018 and its second hearing on December 17, 2018, yet no ruling was made.

In April 2019, Xinchangjiang changed the arbitration request to cancel the equity transfer agreement, which was accepted by CIETAC. In August 2019 and December 2019, CIETAC held the third and fourth court hearings respectively to hear the case, but no ruling has been made yet.

CIETAC made a ruling to suspend the trial on December 30, 2020.

As of December 31, 2020, it was impossible to judge the impact of the above-stated arbitration matters on the current profit or future profit of the Company.

6. Lawsuit of Shanghai Jiaorun International Trade Co., Ltd.

In December 2018, Shanghai Jiaorun International Trading Co., Ltd. ("Shanghai Jiaorun") sued Qingdao Zhongyan Trading Co., Ltd. ("Qingdao Zhongyan"), a subsidiary of the Company, and Zhongyuan Huijin International Logistics (Tianjin) Co., Ltd. ("Zhongyuan Huijin"), the party of joint and several responsibility, to Qingdao Intermediate People's Court ("Qingdao Intermediate Court"), demanding Qingdao Zhongyan and Zhongyuan Huijin to refund the payment for goods and bear liquidated damages and related losses, totaling RMB 80 million.

On November 19, 2019, Qingdao Intermediate Court ruled that Qingdao Zhongyan won the first trial, whereby Shanghai Jiaorun appealed to Shandong Senior Court.

In June 2020, Shandong Senior Court ruled in the second instance that Qingdao Zhongyan returns the principal of the Shanghai Jiaorun's goods payment of RMB 60.131 million and corresponding interest. According to the court judgment, the Company paid RMB 67.492 million to Shanghai Jiaorun, which was counted to other accounts receivable.

The Company believes that the second instance judgment of Shandong Senior Court is contrary to the facts, so the Company should not (be obliged to refund the payment for goods, whereby the Company intended to apply to the Supreme People's Court for retrial.

As of December 31, 2020, it was impossible to judge the impact of this lawsuit on the current profit or future profit of the Company.

7. Contingencies of Yancoal Australia in respect to Middlemount Mine

Yancoal Australia sent a letter of support to Middlemount Mine on March 4, 2015, confirming that:

(1) Unless Middlemount Mine agrees to repay the loan or otherwise agreed in the loan agreement, Yancoal Australia would not require Middlemount Mine to repay the loan;

(2) Yancoal Australia would provide financial support to Middlemount Mine, so that it could repay the debts due. The financial support would be provided in the form of new shareholders' loans, which will be calculated according to the shareholders' share in Middlemount Mine's net assets.

As long as Yancoal Australia is a shareholder of Middlemount Mine, the letter of support will continue to be valid until a notice of no less than 12 months or a shorter notice period agreed by Middlemount Mine is given.

8. Inner Mongolia Mining v. China Minsheng Bank

On January 18, 2017, Inner Mongolia Mining and China Minsheng Bank Co., Ltd. Beijing Branch ("Minsheng Bank") signed Comprehensive Credit Line Contract No.170000001518. Upon five loan contracts entered into between the two parties from March 13 to March 16, 2017, Minsheng Bank actually provided loan of RMB 1.23 billion to Inner Mongolia Mining. Inner Mongolia Mining's failure in timely repayment of the loan constituted breach of contract, on the ground of which Minsheng Bank applied to Beijing No.4 Intermediate People's Court on July 12, 2019 for pre-litigation property preservation. According to Civil Ruling (2019) Jing 04 Cai Bao No.64, the limit of property of Inner Mongolia Mining subject to sealing up, detaining and freezing is RMB 880.087,000 million. The period for freezing bank deposits is one year, the period for sealing up movable properties is two years, and the period for sealing up immovable properties and freezing other property rights is three years.

As of December 31, 2020, the book balance of long-term loans involved in the case of Minsheng Bank v. Inner Mongolia Mining on Financial Loan Contract Dispute was RMB 828.659 million. It is impossible to judge the impact of this lawsuit on the current profit or future profit of the Company.

9. Lawsuit of China Huarong Asset Management Co., Ltd.

In June 2020, Inner Mongolia Autonomous Region Branch of China Huarong Asset Management Co., Ltd. ("China Huarong") sued Ordos Jinchengtai Chemical Co., Ltd. ("Jinchengtai") to Hohhot Intermediate People's Court ("Hohhot Intermediate Court") in two cases on the ground of disputes over sales contracts, and demanded Jinchengtai to repay the arrears of principal and corresponding interest expenses of RMB 450.828 million and RMB 680.303 million respectively. Since Jinchengtai pledged its accounts receivable from the Company to China Huarong, the later sued the Company as a third party to Hohhot Intermediate Court and demanded the Company to fulfill its corresponding payment obligations within the scope of pledge for the accounts receivable.

In August 2020, the Company received the changed pleading, where China Huarong listed the Company as a co-defendant.

As of December 31, 2020, Hohhot Intermediate Court has not yet made a ruling. It is impossible to judge the impact of this lawsuit on the current profit or future profit of the Company.

10. Pending lawsuit of Linyi Mining Group:

Disputes over processing contract between the Company and Shandong Zhongtian Taihe Industrial Co., Ltd. ((2020) Lu 1311 Minchu No.706)
On November 17, 2013, Shandong Zhongtian Taihe Industrial Co., Ltd. (plaintiff) signed the Processing Contract with Chengcheng County Chengjiapo Coal Mining Co., Ltd. (referred to as Shijiapo Coal Mine), under which the plaintiff built a coal preparation plant to serve Shijiapo Coal Mine as agreed, and after that, Shijiapo Coal Mine was shut down due to overcapacity cut. According to the plaintiff, the shutdown of Shijiapo Coal Mine has caused huge losses to its investment, and the Company, as the sole shareholder of Shijiapo Coal Mine, declares to take over the liabilities of Shijiapo Company. Therefore, the plaintiff requires the Company to compensate for the contract losses of RMB 9.9033 million, whereby the plaintiff applies for freezing the bank deposits of the Company of RMB 10 million. On February 19, 2021, Linyi Luozhuang

District People's Court made a judgment, whereby the defendant should pay compensation of RMB 2.413 million and legal fee of RMB 136,200. The Company refuses to accept the judgment and is ready to appeal again.

11. Pending lawsuits of International Logistics Company:

Category	Cause of formation	Explanation of Uncertainty of Economic Benefit Outflow	Estimated financial impact	Possibility of obtaining compensation
Pending litigation	There was a dispute with Shandong Expressway Logistics Group Co., Ltd. and Jiamusi Huinong Grain Specialized Cooperative in buying and selling 30,000 tons of sunflower seeds	Because the case is serious and of criminal nature, and the counterparty is the defendant, the Company has not obtained enough case information to judge the possibility of economic benefits flowing out of the enterprise	Some of the defendants involved in the case have been detained, and for the civil part, the defending party is more likely to lose the case. It is expected that the book receivables of the Company can be recovered	It is quite likely to obtain the compensation
Pending litigation	Dispute over the transaction with Zaozhuang Daxing Company	The case has been transferred to criminal investigation because the third party is suspected of committing a crime	The case involves a total amount of RMB 12 million. So far, the case has little financial impact	It is quite likely to obtain the compensation
Pending litigation	Dispute over transaction with Shandong Huiju Coal Mining Co., Ltd.	So far the case has been reported to Jinan Public Security Bureau, and the business is proceeding under active coordination and promotion.	According to the police, the creditor's rights confirmed by the object in the third party are expected to be recoverable.	It is quite likely to obtain the compensation
Pending litigation	Dispute over transaction with Shandong Lutai Logistics Co., Ltd.	For this case, our side won in the first instance, and the second instance ruled that it was sent back for retrial	The defendant's full amount of property has been seized, and the creditor's rights are expected to be recovered	It is quite likely to obtain the compensation
Pending litigation	Disputes with Rizhao Xingshi Huaqi Trading Co., Ltd., Jiangsu Dacheng Power Fuel Co., Ltd. and Yanzhou Coal	The criminal cases of Rizhao Xingshi Huaqi and Jiangsu Dacheng Power Contract Fraud have been initially investigated; the judicial process has been entered with Yanzhou Coal. In July 2017, the relevant business personnel of Yanzhou Coal were sentenced for embezzlement of public funds. They refused to accept the sentence and filed appeal, which was sent back to Zoucheng Court by Jining Intermediate People's Court	The case involves a large amount of money, and there is no reliable evidence to show that the money can be recovered, which is expected to have a great financial impact.	It is less likely to obtain the compensation

Category	Cause of formation	Explanation of Uncertainty of Economic Benefit Outflow	Estimated financial impact	Possibility of obtaining compensation
		for retrial. The actual controller of Jiangsu Dacheng Electric Fuel Co., Ltd. is listed in Interpol red notice. There is no reliable evidence to prove the amount of outflow of economic benefits.		
Pending litigation	Disputes with Rizhao Baofeng Coal Co., Ltd., Jinan Railway Coal Transportation and Trade Group Co., Ltd. and Yankuang Donghua Logistics Co., Ltd. Sihekou Port Branch	The first instance ruled that several of them were jointly and severally liable, and the counterparty had filed an appeal. In 2017, our side won in the second trial, and Jinan Railway Coal Transportation and Trade Company refused to accept the judgment and filed an appeal again. Shandong Provincial Senior Court has ruled that it should be sent back for retrial. The case evidence is clear, and it is unlikely that economic benefits flow out.	The amount involved in this case is small. Our side won in the second trial, and the provincial Senior Court has sent it back for retrial, which has little financial impact.	It is quite likely to obtain the compensation

12. Xinhua Medical's purchase of the equity of Shanghai Shengben Packaging Materials Co., Ltd.

The natural person Chen Xiaomin originally held 100% equity of Shanghai Shengben Packaging Materials Co., Ltd. (hereinafter referred to as Shanghai Shengben). According to the Shanghai Shengben Packaging Materials Co., Ltd. Equity Transfer and Cooperation Agreement signed between the Company and Chen Xiaomin in July 2013, the Company acquired 60% equity of Shanghai Shengben held by Chen Xiaomin with cash consideration of RMB 15.6 million. The acquisition method is as follows:

(1) In the first phase, the Company paid Chen Xiaomin RMB 3.6 million in cash within 15 working days after signing the formal cooperation agreement;

(2) In the second phase, the Company paid Chen Xiaomin RMB 6 million in cash, and the payment period was within one month from the date when Party A (Chen Xiaomin) notified the Company upon receiving the approval document issued by the State Food and Drug Administration for the powder-liquid double-chamber bag medicine produced by using the infusion film made by Shanghai Shengben. If the relevant state departments approve that the powder-liquid double-chamber drugs produced by using the infusion film made by Shanghai Shengben can be used in the military system first, RMB 3 million will be paid within one month from the date when Chen Xiaomin notifies the company in writing upon receiving the approval document, and the remaining RMB 3 million will be paid within one month from the date when Chen Xiaomin notifies the company in writing upon receiving the approval document issued by the State Food and Drug Administration for the powder-liquid double-chamber bag medicine produced by using the infusion film made by Shanghai Shengben.

(3) In the third phase, the Company paid Chen Xiaomin RMB 6 million in cash, and the payment period was within one month from the date when Chen Xiaomin notified the company in writing after two or more domestic manufacturers obtain the approval of the State Food and Drug Administration to produce the powder-liquid double-chamber bag medicine by using the infusion film made by Shanghai Shengben.

As of December 31, 2019, the Company has paid a total of RMB 9.6 million for equity transfer, and 60% of the equity of Shanghai Shengben has been transferred to the Company, and Shanghai Shengben has been included in the consolidated statement.

Due to the uncertainty in the third phase of equity transfer payment, liabilities are not recognized in the financial statements of the Company. If the Company pays the above equity transfer payment after meeting the payment conditions in the future, the management expenses will be counted to the financial statements of the Company.

13. Patent infringement of Xinhua Medical 3M Innovation Co., Ltd.

3M Innovation Co., Ltd. is the invention patentee for the patents named of "Biological Sterilization Indicator and its Usage", "Biological Sterilization Indicator and its Usage", "Sterility Indicator Bottle", numbered ZL201180052944.8, ZL201080040700.3 and ZL201130088424.5 respectively. On April 16, 2019, a patent infringement lawsuit was filed with Shanghai Intellectual Property Court. On May 15, 2020, the court heard the case according to law and made judgments [(2019) Hu 73 Zhi Min Chu No.253, No.254 and No.314]. It was ruled that Xinhua Medical should stop infringing the invention patents of "Biological Sterilization Indicator and its Usage", "Biological Sterilization Indicator and its Usage", "Sterility Indicator Bottle" numbered ZL201180052944.8, ZL201080040700.3 and ZL201130088424.5 enjoyed by 3M Innovation Co., Ltd., and compensated the later for economic losses totaling RMB 10 million and reasonable expenses of RMB 0.65 million on the effective date of the judgment. At present, Xinhua Medical is preparing to file an appeal.

According to the above pending litigation, the Company has carried out relevant accounting treatment, i.e. reckoning in estimated liabilities of RMB 10.65 million, and at the same time reckoning in non-operating expenses of RMB 10.65 million.

14. As of December 31, 2020, Jinan Sunshine Yibai Real Estate Development Co., Ltd., a subsidiary of Zhongyin Real Estate, had 15 unresolved litigation cases, including 1 case of unjust enrichment dispute, 1 case of compensation for property damage, 4 cases of commercial housing sales contract dispute, 1 case of land use right contract dispute, 2 cases of private lending dispute and 6 cases of recourse right dispute. In all the above litigation cases, the Company is the plaintiff, and the amount of the litigation subject matter is RMB 25.4777 million.

15. As of December 31, 2020, Yankuang Donghua (Hunan) Cultural Tourism Investment Co., Ltd., a subsidiary of Zhongyin Real Estate, had one unresolved litigation case of construction contract dispute, and the amount of the subject matter of the litigation was about RMB 15.658 million.

16. In order to meet the needs of real estate business, Zhongyin Real Estate and its subsidiaries provide phased guarantee for mortgage loans to buyers in accordance with banking policies and commercial practices of real estate development enterprises.

17. On July 6, 2020, Shandong Guoxin Healthcare Group Xinyi Jewelry Co., Ltd. received a subpoena from Jinan Intermediate People's Court, the plaintiff Zhang Zhenlin sued Xinyi Company for a property damage compensation dispute, demanding to pay RMB 44.9116 million of discount compensation for 51% equity of Hongxing Fluorite Company in Damaoqi and losses in acquirable interests. At the same time, it was demanded to seal up RMB 50 million in Xinyi Company's account. The case has been heard on August 11, and is now awaiting the first-instance judgment.

18. Feicheng Mining Group Co., Ltd. cooperated with Dehua Mining to develop the Wapiti River Coalfield Project in Canada. In March 2012, the Company paid an exclusive deposit of RMB 320 million to Dehua Mining according to the agreement for the initial investment of Wapiti River Coalfield Development. On February 8, 2018, Dehua Mining and Liu Naishun signed a repayment agreement with the Company. After the signing of the agreement, Dehua Company returned a total of RMB 10.05 million in 2018, and refused to repay the balance. On October 9, 2019, the Arbitration Commission (CIETAC) made an award [2019] Zhong Guo Mao Zhong Jing Cai Zi No.1513, ruling that Dehua International Company and Liu Naishun should bear joint and several liabilities and repay the Company RMB 309.95 million and related interest in

installments. At present, the court is enforcing the judgment by preserving six properties in Beijing and the shares of two companies in Shanxi.

19. Shandong Anxin Machinery Manufacturing Co., Ltd. sued to Feicheng People's Court, claiming that its subsidiary Shandong Energy Group Feicheng Materials Co., Ltd. (hereinafter referred to as "Feicheng Materials") purchased belt conveyors, scraper machines and other mining materials from Anxin Company for many times, and signed several contracts. As of the end of April 2018, there were still RMB 6.22 million of payment for goods that had not been invoiced and settled, and Anxin Company demanded to pay the principal of payment of RMB 6.22 million plus interest of RMB 1.11 million. Meanwhile, on the ground of hotchpot of Feicheng Materials and the shareholders, Feicheng Mining Group Co., Ltd. was listed as a co-defendant, and the case is under trial.

20. External guarantee of subsidiaries:

Serial number	Guarantor	Guaranteed object	Guarantee amount (in RMB ten thousand)	Start date of guarantee	Expiry date of guarantee	Guarantee type
1	Xinwen Mining Inner Mongolia Energy Co., Ltd.	Inner Mongolia Sanxin Railway Co., Ltd.	1,460.00	March 3 2011	March 24 2023	General warranty
2	Xinwen Mining Inner Mongolia Energy Co., Ltd.	Inner Mongolia Sanxin Railway Co., Ltd.	3,235.00	May 30 2008	October 29 2021	General warranty
3	Xinwen Mining Group Co., Ltd.	Yili Xintian Coal Chemical Co., Ltd.	90,000.00	July 30 2018	July 31 2033	Joint liability warranty Guarantee
4	Xinwen Mining Group Co., Ltd.	Yili Xintian Coal Chemical Co., Ltd.	90,000.00	September 14 2018	July 31 2033	Joint liability warranty Guarantee
5	Xinwen Mining Group Co., Ltd.	Yili Xintian Coal Chemical Co., Ltd.	44,100.00	April 16 2019	March 10 2034	Joint liability warranty Guarantee
6	Xinwen Mining Group Co., Ltd.	Yili Xintian Coal Chemical Co., Ltd.	45,000.00	May 28 2019	March 10 2034	Joint liability warranty Guarantee
7	Zaozhuang Mining (Group) Co., Ltd.	Zaozhuang Bayi Coal Water Slurry Thermal Power Co., Ltd.	15000.00	September 1 2015	August 31 2025	Joint liability warranty
8	Zaozhuang Mining (Group) Co., Ltd.	Zaozhuang Bayi Coal Water Slurry Thermal Power Co., Ltd.	10000.00	September 1, 2015	August 31, 2025	Joint liability warranty
9	Zaozhuang Mining (Group) Co., Ltd.	Zaozhuang Bayi Coal Water Slurry Thermal Power Co., Ltd.	10000.00	September 1, 2015	August 31, 2025	Joint liability warranty
10	Zaozhuang Mining (Group) Co., Ltd.	Zaozhuang Bayi Coal Water Slurry Thermal Power Co., Ltd.	7500.00	May 1 2017	April 30, 2022	Joint liability warranty
11	Zaozhuang Mining (Group) Co., Ltd.	Zaozhuang Bayi Coal Water	5000.00	February 2, 2019	February 1, 2029	Joint liability warranty

Serial number	Guarantor	Guaranteed object	Guarantee amount (in RMB ten thousand)	Start date of guarantee	Expiry date of guarantee	Guarantee type
		Slurry Thermal Power Co., Ltd.				
12	Zaozhuang Mining (Group) Co., Ltd.	Shandong Aoseya Jianyang Carbon Black Co., Ltd.	3,250.00	September 16,2020	September 16, 2021	Joint liability warranty
13	Zaozhuang Mining (Group) Co., Ltd.	Inner Mongolia Yakeshi Wujiu Coal (Group) Co., Ltd.	9,800.00	May 1, 2018	May 1, 2021	Joint liability warranty
14	Zaozhuang Mining (Group) Co., Ltd.	Inner Mongolia Yakeshi Wujiu Coal (Group) Co., Ltd.	9800.00	September 17, 2018	September 16, 2021	Joint liability warranty
15	Zibo Mining Group Co., Ltd.	Ordos Yiding Eco-agriculture Development Co., Ltd.	56,769.84	December 11, 2013	November 25, 2021	
16	Linyi Mining Group Co., Ltd.	Inner Mongolia Sanxin Railway Co., Ltd.	12,940.00	May 30, 2008	October 29, 2021	Joint liability warranty Guarantee
17	Linyi Mining Group Co., Ltd.	Inner Mongolia Sanxin Railway Co., Ltd.	4,380.00	June 30, 2010	June 29, 2022	Joint liability warranty Guarantee

21. The Company's external guarantees:

Confirmed entity	Guarantee type	Amount guaranteed
Guizhou Ansheng Energy Co., Ltd.	Joint liability guarantee	480,000,000.00
Total		**480,000,000.00**

X.Related Parties

(I) The actual controller of the Company is the State-owned Assets Supervision and Administration Commission of Shandong Provincial People's Government.

(II) Subsidiaries of the enterprise

For details of the subsidiaries of the Company, please refer to Note VII of the Financial Statements: Business Merger and Consolidated Financial Statements.

(III) Joint ventures and associated enterprise of the Company

See Notes to the Financial Statements (VIII) Important Items in the Consolidated Financial Statements, and (XXIII) Long-term Equity Investment for details of important joint ventures or associated enterprises of the Company.

XI.Events after the balance sheet date

1. Profit distribution of Yanzhou Coal, a subsidiary of the Company, after the balance sheet date

Profit or dividend to be distributed	On March 26, 2021, it was reviewed and approved by the 8th Board of Directors of the Company in the 11th Session. Based on the total share capital of equities eligible for dividends as of the date of record, a total dividend of RMB 1.00 (including tax)/share will be distributed to shareholders in 2020, composing of cash dividend of RMB 0.60 (including tax)/share and special dividend of RMB 0.40 (including tax)/share. Based on the total issued share capital of the Company, it is estimated that a total of about RMB 4,873,042,000 (including tax) will be distributed.
Profits or dividends declared upon e xamination and approval	After deliberation and approval at the 2019 Annual General Meeting of Shareholders, the actual cash dividend for 2019 is RMB 2.8188 billion (including tax), i.e., RMB 0.58 per share (including tax).

2. Yanzhou Coal, a subsidiary of the Company, issued the 2021 The first tranche ultra-short-term financing bonds

On March 11, 2021, Yanzhou Coal successfully issued the 2021 the first tranche ultra-short-term financing bonds ("the Offer"), raising RMB 2 billion, which has been received on March 15, 2021. The result of the Offer is as follows:

Name	Yanzhou Coal	For short	21 Yanzhou Coal SCP001
Code	012100979	Term	180 days
Value date	March 15, 2021	Redemption date	September 11, 2021
Total amount of issuance planned	RMB 2 billion	Total amount actually issued	RMB 2 billion
Interest rate of the Offer	3.2%	Price of the Offer	RMB 100/par value of RMB 100

3. The Company issued 2021 the first trance medium-term notes

On January 22, 2021, the Company successfully issued 2021 the first tranche medium-term notes ("the Offer"), raising RMB 2 billion, which has been received on January 22, 2021. The result of the Offer is as follows:

Name	Yankuang Group Co., Ltd.	For short	21 Yankuang MTN001A
Code	102100136	Term	2 years
Value date	January 22, 2021	Redemption date	January 22, 2023
Total amount of issuance planned	RMB 1.5 billion	Total amount actually issued	RMB 1.5 billion
Interest rate of the Offer	3.89%	Price of the Offer	RMB 100/par value of RMB 100

(Continued)

Name	Yankuang Group Co., Ltd.	For short	21 Yankuang MTN001B
Code	102100137	Term	3 years
Value date	January 22, 2021	Redemption date	January 22, 2024
Total amount of issuance planned	RMB 0.5 billion	Total amount actually issued	RMB 0.5 billion
Interest rate of the Offer	4.05%	Price of the Offer	RMB 100/par value of RMB 100

4. The Company issued 2021 the second tranche medium-term notes

On March 10, 2021, the Company successfully issued 2021 the second tranche medium-term notes ("the Offer"), raising RMB 2 billion, which has been received on March 31, 2021. The result of the Offer is as follows:

Name	Yankuang Group Co., Ltd.	For short	21 Yankuang MTN002
Code	102100411	Term	3 years
Value date	March 12, 2021	Redemption date	March 12, 2024
Total amount of issuance planned	RMB 2 billion	Total amount issued	RMB 2 billion
Interest rate of the Offer	4.47%	Price of the Offer	RMB 100/par value of RMB 100

5. The Company issued 2021 the third tranche medium-term notes

On March 16, 2021, the Company successfully issued 2021 the third tranche medium-term notes ("the Offer"), raising RMB 2 billion, which has been received on March 18, 2021. The result of the Offer is as follows:

Name	Yanzhou Coal	For short	21 Yankuang MTN003
Code	102100468	Term	3 years
Value date	March 18, 2021	Redemption date	March 18, 2024
Total amount of issuance planned	RMB 0.5 billion	Total amount actually issued	RMB 0.5 billion
Interest rate of the Offer	4.50%	Price of the Offer	RMB 100/par value of RMB 100

6. The Company issued 2021 the first tranche ultra-short-term financing bonds of the Company:

On February 26, 2021, the Company successfully issued 2021 the first tranche ultra-short-term financing bonds ("the Offer"), raising RMB 1.5 billion, which has been received on March 1, 2021. The result of the Offer is as follows:

7. The Company issued 2021the second tranche ultra-short-term financing bonds of the Company:

Name	Yanzhou Coal	For short	21 Yankuang SCP001
Code	012100741	Term	190 days
Value date	March 1, 2021	Redemption date	September 7, 2021
Total amount of issuance planned	RMB 1.5 billion	Total amount actually issued	RMB 1.5 billion
Interest rate of the Offer	3.54%	Price of the Offer	RMB 100/par value of RMB 100

On March 17, 2021, the Company successfully issued 2021 the second tranche ultra-short-term financing bonds ("the Offer"), raising RMB 2.5 billion, which has been received on March 18, 2021. The result of the Offer is as follows:

Name	Yankuang Group Co., Ltd.	For short	21 Yankuang SCP002
Code	012101096	Term	180 days
Value date	March 18, 2021	Redemption date	September 14, 2021
Total amount of issuance planned	RMB 2.5 billion	Total amount actually issued	RMB 2.5 billion
Interest rate of the Offer	3.40%	Price of the Offer	RMB 100/par value of RMB 100

8.The Company issued 2021 the first tranche corporate bonds of the Company

On March 2, 2021, the Company successfully issued 2021 the first tranche ultra-short-term financing bonds

("the Offer"), raising RMB 2.5 billion, which has been received on March 4, 2021. The result of the Offer is as follows:

Name	Yanzhou Coal	For short	21 Yankuang Debt 01
Code	2180037	Term	3+2 years
Value date	March 14, 2021	Redemption date	March 4, 2026
Total amount of issuance planned	RMB 1.5 billion	Total amount actually issued	RMB 1.5 billion
Interest rate of the Offer	4.35%	Price of the Offer	RMB 100/par value of RMB 100

9. Yanzhou Coal adjusted the 2018 A-share stock option incentive plan

On January 13, 2021, after deliberation at the 8th session of the 8th Board of Directors of the Company, the Proposal on Adjusting the Exercise Price, List of Incentive Objects Awarded, Number of Options to be Awarded and Cancelling Some Options of the 2018 A-share Stock Option Incentive Plan was approved. Related matters are as follows:

Item	Content
Exercise price	Adjusted from RMB 9.64 /share to RMB 7.52 /share
List of incentive objects awarded	Adjusted from 499 to 469
The total number of stock option awarded	Adjusted from 46,320,000 shares to 43,020,860 shares

The number of exercisable options in the first exercise period is 14,184,060.

XII.Other important matters

1. On March 13, 2020, Linyi Mining Group issued 20 Linyi Mining 01 medium-term notes with an issue amount of RMB 2 billion and a term of 5 years.

2. On July 17, 2020, Shandong Energy Australia Pty Ltd, a subsidiary of Linyi Mining Group, issued a USD 100 million high-grade fixed-rate bond, which was listed on Singapore Stock Exchange. The bond was issued for 3 years, with a coupon rate of 4.2% and a coverage multiple of over 2.5 times. The guarantor was Shandong Energy Group Co., Ltd.; Shandong Energy Australia Pty Ltd, a wholly-owned subsidiary of the Company, borrowed USD 300 million from Ping An Bank on July 22, 2020 for the replacement of USD 300 million overseas bonds.

3. Longkou Mining Group: On January 20, 2020, Longkou People's Court accepted the bankruptcy liquidation application of Shandong Longhai Coal Distribution Co., Ltd. and Shandong Longfu Oil Shale Comprehensive Utilization Co., Ltd., subsidiaries of the Company, and issued (2020) Lu 0681 Po Shen No.1 Civil Ruling and (2020) Lu 0681 Po Shen No.2 Civil Ruling. On April 16, 2020, Huadian City People's Court of Jilin Province accepted the bankruptcy application of Huadian Fengtai Oil Shale Comprehensive Development Co., Ltd., a subsidiary of the Company, and issued (2020) Ji 0282 Po Shen No.1 civil ruling. The above three enterprises ceased to be counted to the consolidation scope of the Company in January 2020 and May 2020 respectively. As of December 31, 2020, the bankruptcy liquidation of the three enterprises has not been completed, and the Company has fully withdrawn impairment provision for the long-term equity

investment of the three enterprises, amounting to RMB 616,860,000.00, and withdrawn bad debt provision of RMB 335,212,389.55 for the accounts receivable and other receivables of the three enterprises.

XIII.Approval of financial statements

The financial statements have been approved by the board of directors of the Company.

Shandong Energy Group Co., Ltd.

September 15, 2021

Shandong Energy Group Co., Ltd.

Review Report

Z.X.C.G.H.J.S.Y.Z (2021) No 02001

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Review Report

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Review Report

Z.X.C.G.H.J.S.Y.Z. (2021) No 02001

Shandong Energy Group Co., Ltd.:

We have reviewed the accompanying consolidated financial statements of Shandong Energy Group Co., Ltd., which comprise the consolidated balance sheet as at June 30, 2021, and the consolidated statement of profit, and the consolidated statement of cash flows from January 1 to June 30, 2021. The preparation of the consolidate financial statements is the responsibility of the Company's management. Our responsibility is to issue a review report on the financial statements based on our review.

We performed our review of the financial statements in accordance with the CSR ("China Standards on Reviewing") 2101. Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the financial statements have not been prepared, in material aspects. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. In accordance with our engagement, we have not performed a financial statement audit and, accordingly, we cannot issue an auditor's opinion.

Based on our review, no matters have come to our attention that cause us to presume that the financial statements have not been prepared, in all material aspects, in accordance with Accounting Standards for Business Enterprises and give a true and fair view of the consolidated financial position, the consolidated business performance and cash flows.

Zhongxingcai Guanghua
Certified Public Accountants LLP
(Special General Partnership)
Jinan Branch

China CPA:

China CPA:

Jinan China

September 15, 2021

Consolidated Balance Sheet

Enterprise Finance Table 01

Prepared by: Shandong Energy Group Co., Ltd. (merged) | As of 30 June 2021 | Amount Unit: RMB

Item	Line No.	Closing balance	Opening balance	Item	Line No.	Closing balance	Opening balance
Current assets:	1	——	——	**Current liabilities:**	76	——	——
Monetary fund	2	69,047,544,932.84	61,824,463,882.19	Short-term borrowings	77	75,194,142,401.93	74,718,979,957.84
△Settlements Provision	3	26,081,824.15	47,886,350.88	△ Borrowing from the central bank	78		
△Loans to banks and other financial institutions	4			△ Deposits and balances from banks and other financial institutions	79		
☆ Transactional financial assets	5	5,311,870,427.44	5,912,282,394.88	☆ Transactional financial liabilities	80	311,443,003.78	411,974,533.21
Financial assets at fair value through profit or loss	6			Financial liabilities at fair value through profit or loss	81		
Derivative financial assets	7			Derivative financial liabilities	82		
Notes receivable	8	11,007,777,628.56	11,872,186,776.83	Notes payable	83	35,483,744,577.42	31,241,942,141.49
Receivables	9	16,966,579,518.25	15,232,908,252.52	Accounts payable	84	35,901,867,284.82	36,367,006,744.27
☆ Receivables financing	10	4,373,824,554.58	3,688,674,015.51	Receipts in advance	85		
Prepayments	11	27,229,390,807.78	16,808,409,557.03	☆ Contract liabilities	86	28,247,685,625.42	22,216,520,121.55
△ Premium receivable	12			△Financial assets sold under agreements to buy	87	57,000,000.00	48,500,000.00
△ Reinsurance accounts receivable	13	168,199,872.00	7,092,672.00	△ Customer deposits and balances from banks and other financial institutions	88		
△ Reinsurance contract reserve receivable	14	2,823,283,287.70	2,216,403,313.43	△Customer brokerage deposits	89		14,463,954.28
Other receivables	15	28,647,540,541.99	31,799,818,407.01	△Securities underwriting brokerage deposits	90		
including:interest receivable	16	451,614,406.02	137,558,965.40	Payroll payable	91	5,967,980,910.37	6,471,728,732.94
Dividends receivable	17	43,274,708.80	199,578,825.35	including: wages payable	92	2,660,650,557.69	3,386,438,301.63
△ Financial assets purchased under agreements to resell	18	100,000,000.00	507,950,000.00	Welfare payable	93	24,902,674.64	33,167,528.28
Inventory	19	69,952,038,730.82	64,711,956,629.04	Employee Reward and Welfare Fund	94		
Including: raw materials	20	4,915,408,134.96	4,583,212,944.13	Taxes and dues payable	95	4,130,879,867.94	4,755,310,417.05
Inventory goods (finished products)	21	25,485,284,256.94	18,789,527,300.42	including: taxes payable	96	3,994,865,474.47	4,660,678,148.34
☆ Contract assets	22	3,244,165,684.98	3,172,821,879.19	Other payables	97	27,770,335,667.64	28,941,570,528.47
Held-for-sale assets	23	8,394,045.55	8,577,870.49	including: interest payable	98	2,646,282,917.54	2,700,167,344.66
Non-current assets due within one year	24	1,506,742,144.93	1,971,225,550.90	Dividends payable	99	2,607,495,387.36	2,555,825,742.36
Other current assets	25	8,476,686,211.62	11,929,025,007.45	△ Handling fees and commissions payable	100		
Total of current assets	26	**248,890,120,213.19**	**231,711,682,559.35**	Dividend payable for reinsurance	101		
Non-current assets:	27	——	——	Liabilities classified as held for sale	102		
△ Granting loans and advances	28			Non-current liabilities due within one year	103	31,716,265,866.90	38,852,776,916.64
☆Creditor's right investment	29	1,965,468,991.21	1,965,847,018.02	Other current liabilities	104	7,961,102,954.78	5,063,917,477.74
Available-for-sale financial assets	30			**Total current liabilities**	105	**252,742,448,161.00**	**249,104,691,525.48**
☆ Other creditor's right investment	31			**Non-current liabilities:**	106	——	——
Held-to-maturity investment	32			△ Reserve for insurance contract	107		
Long-term receivables	33	4,601,128,453.23	4,350,345,470.79	Long-term borrowings	108	115,531,419,790.14	105,132,053,236.52
Long-term equity investment	34	32,601,290,717.98	30,636,910,314.46	Bonds payable	109	78,552,168,464.11	79,816,211,537.10
☆ Investment in other equity instruments	35	9,893,625,158.60	9,861,127,157.92	Including: preferred stock	110		
☆ Other non-current financial assets	36	6,378,344,298.42	6,363,119,471.44	Perpetual bond	111		
Investment real estate	37	3,609,362,364.38	3,612,893,794.62	☆ Lease liabilities	112	1,022,178,823.83	1,134,000,159.00
Fixed assets	38	170,248,183,539.42	168,523,934,098.24	Long-term payables	113	8,361,834,855.26	8,767,837,160.35
Including: original price of fixed assets	39	306,143,255,239.57	298,417,740,083.22	Long-term remuneration payable to employees	114	1,002,161,523.80	995,421,799.75
Accumulated depreciation	40	134,535,373,964.65	128,447,530,287.93	Estimated liabilities	115	4,368,319,776.41	4,079,378,625.55
Reserve for impairment of fixed assets	41	1,619,355,537.13	1,688,327,128.80	Deferred income	116	1,326,773,600.82	1,399,794,159.21
Liquidation of fixed assets	42	259,657,801.63	242,051,431.75	Deferred income tax liabilities	117	7,424,052,926.99	7,968,906,167.43
Construction in progress	43	65,870,699,596.10	67,266,209,744.14	Other non-current liabilities	118	1,189,586,101.16	463,736,065.53
Productive biological assets	44	316,078.28	535,787.77	including: Special Reserve Fund	119		
Oil and gas assets	45			**Total non-current liabilities**	120	**218,778,495,862.52**	**209,747,338,910.44**
☆ Right-of-use asset	46	1,615,277,448.21	1,750,230,239.54	**Total liabilities**	121	**471,520,944,023.52**	**458,852,030,435.92**
Intangible assets	47	118,255,423,514.84	119,422,666,887.94	**Owner's equity (or shareholder's equity):**	122	——	——
Development expenditure	48	26,616,898.08	39,773,773.79	Paid-in capital (or share capital)	123	30,221,873,369.03	30,221,873,369.03
Goodwill	49	1,265,479,765.33	1,274,432,144.60	State capital	124	21,155,311,358.32	21,155,311,358.32
Long-term prepaid expenses	50	8,486,359,443.36	7,933,517,763.97	State-owned legal person capital	125	9,066,562,010.71	9,066,562,010.71
Deferred income tax assets	51	7,346,282,715.47	7,274,818,821.24	collectively owned capital	126		
Other non-current assets	52	23,127,332,394.30	23,114,668,816.03	Private capital	127		
Including: special reserve materials	53			Foreign capital	128		
Total non-current assets	54	**455,291,191,377.21**	**453,391,031,304.51**	# Less: returned investment	129		
	55			Net paid-in capital (or share capital)	130	30,221,873,369.03	30,221,873,369.03
	56			Other equity instruments	131	29,095,605,000.00	28,085,605,000.00
	57			including: preferred stock	132		
	58			Perpetual bond	133	29,095,605,000.00	28,085,605,000.00
	59			Capital reserve	134	20,474,341,542.42	20,425,587,551.87
	60			Less: Treasury stocks	135		
	61			Other comprehensive income	136	-3,415,070,405.68	-2,891,208,359.87
	62			Including: foreign currency statements translation difference	137	3,359,226,672.62	2,936,689,210.89
	63			Special reserve	138	5,854,545,143.62	5,379,061,349.18
	64			Surplus reserve	139	385,352,817.48	385,352,817.48
	65			Including: statutory surplus reserve	140	385,352,817.48	385,352,817.48
	66			Discretionary surplus reserve	141		
	67			# Reserve Fund	142		
	68			# Enterprise Development Fund	143		
	69			# Return of investment by profits	144		
	70			△ General risk provision	145	60,613,417.32	60,613,417.32
	71			Undistributed profits	146	32,131,628,737.99	30,701,454,350.52
	72			Total owner's equity (or shareholder's equity) attributable to parent company	147	114,808,889,622.18	112,368,339,495.53
	73			* Minority shareholders' equity	148	117,851,477,944.70	113,882,343,932.41
	74			**Total owner's equity (or shareholder's equity):**	149	**232,660,367,566.88**	**226,250,683,427.94**
Total assets	75	**704,181,311,590.40**	**685,102,713,863.86**	**Total liabilities and owner's equity (or shareholder's equity)**	150	**704,181,311,590.40**	**685,102,713,863.86**

Note: The accounts with * in the table are special for consolidated accounting statements; the item with △ is dedicated for financial enterprises; the items with # are used exclusively by foreign-invested enterprises; the items with ☆ are applicable for enterprises implementing the new income/new lease/new financial instrument standards.

Consoldiated Income Statement

Enterprise Finance Table 02

Prepared by: Shandong Energy Group Co., Ltd.(merger) | January 1 to June 30 of 2021 | Amount Unit: RMB

Item	Line No.	Amount of current period	Amount of previous period	Item	Line No.	Amount of current period	Amount of previous period
I. Total operating revenue	1	**398, 237, 739, 932. 86**	**289, 349, 454, 074. 74**	Minus: non-operating expenditure	37	793, 254, 921. 00	653, 558, 114. 12
Including: operating income	2	398, 143, 477, 228. 81	289, 278, 263, 674. 61	**IV. Total profit (total loss is indicated by "-")**	38	**10, 550, 319, 340. 34**	**8, 389, 534, 145. 94**
△ Interest income	3	40, 552, 001. 68	32, 677, 385. 10	Minus: income tax expenses	39	4, 998, 363, 584. 74	3, 738, 543, 479. 34
△ Earned premiums	4			**V. Net profit (net loss is indicated by "-")**	40	**5, 551, 955, 755. 60**	**4, 650, 990, 666. 60**
△ Income from handling fees and commission	5	53, 710, 702. 37	38, 513, 015. 03	(I) Classification by ownership:	41	—	—
II. Total operating cost	6	**388, 074, 667, 534. 91**	**283, 873, 189, 993. 72**	Net profit attributable to the owners of the parent company	42	1, 980, 009, 585. 78	881, 346, 909. 20
Including: operating cost	7	361, 604, 756, 091. 74	260, 431, 924, 257. 02	* profit and loss of minority shareholders	43	3, 571, 946, 169. 82	3, 769, 643, 757. 40
△ Interest expense	8			(II) Classification by business continuity:	44	—	—
△ Expenses relating to handling fees and commission	9	43, 976. 42	36, 059. 43	Net profit from continuing operations	45	5, 523, 277, 720. 59	4, 642, 604, 601. 48
△ Surrender value	10			Net profit from termination of operation	46	28, 678, 035. 01	8, 386, 065. 12
△ Net compensation expenses	11			**VI. Net amount after tax of other comprehensive incomes**	47	495, 207, 553. 68	-1, 923, 098, 716. 59
△ net amount of insurance liability reserve withdrawn	12			Net amount after tax of other comprehensive incomes attributable to owners of parent company	48	-523, 862, 045. 81	-861, 292, 207. 14
△ Policy dividend expenditure	13			(I) Other comprehensive income that cannot be reclassified into profit or loss	49	-15, 077, 488. 29	-139, 808. 66
△ Reinsurance cost	14			1. Re-measure the change of defined benefit plans	50		
Taxes and surcharges	15	4, 206, 852, 872. 41	3, 554, 821, 670. 76	2. Other comprehensive income that cannot be carried forward to profit or loss under the equity method	51		
Cost of sales	16	4, 733, 502, 506. 21	4, 642, 719, 370. 42	☆3. Changes in fair value of other equity instruments investment	52	-14, 997, 734. 40	-139, 808. 66
Management cost	17	9, 987, 845, 652. 08	8, 370, 493, 303. 11	☆4. Changes in the fair value of the enterprise's own credit risk	53		
R&D expenses	18	1, 477, 073, 644. 14	1, 084, 864, 693. 97	5. Others	54	-79, 753. 89	
Financial expenses	19	6, 064, 592, 791. 91	5, 788, 330, 639. 01	(II) Other comprehensive income to be reclassified into profit or loss	55	-508, 784, 557. 52	-861, 152, 398. 48
Including: interest expense	20	6, 856, 441, 902. 56	6, 733, 345, 477. 36	1. Other comprehensive income of transferable to gains and losses under equity method	56		
Interest income	21	1, 486, 884, 476. 00	1, 454, 650, 136. 00	☆2. Changes in fair value of other debt investments	57		
Exchange net loss (net income is indicated by "-")	22	-275, 120, 191. 60	-314, 572, 745. 73	3. Gains and losses from changes in fair value of available-for-sale financial assets	58		
Others	23			☆4. Amount of financial assets reclassified into other comprehensive incomes	59		
Plus: Other incomes	24	238, 989, 403. 33	283, 295, 506. 36	5. Held-to-maturity investment is reclassified as gains and losses of available-for-sale financial assets	60		
Investment income (losses are indicated by "-")	25	722, 029, 269. 32	2, 924, 246, 821. 19	☆6. Reserve for credit impairment of other debt-backed investment	61		
Including: investment income from associated enterprises and joint ventures	26	482, 620, 279. 25	-257, 592, 555. 83	7. Cash flow hedging reserve (effective part of cash flow hedging profit and loss)	62	-86, 247, 095. 79	-187, 689, 792. 97
☆ Income from derecognition of financial assets measured at amortized cost	27			8. Translation difference of foreign currency financial statements	63	-422, 537, 461. 73	-673, 462, 605. 51
△ Exchange gains (losses are indicated by "-")	28			9.Others	64		
☆ Net exposure hedging income (losses are indicated by "-")	29	-251, 246, 290. 28	-420, 424, 492. 85	* net after tax of other comprehensive income attributable to minority shareholders	65	1, 019, 069, 599. 49	-1, 061, 806, 509. 45
Gains from changes in fair value (losses are indicated by "-")	30	45, 365, 361. 40	71, 898, 254. 68	**VII. Total comprehensive income**	66	**6, 047, 163, 309. 28**	**2, 727, 891, 950. 01**
☆ Credit impairment losses (losses are indicated by "-")	31	-56, 884, 527. 67	4, 539, 487. 60	Total comprehensive income attributable to owners of parent company	67	1, 456, 147, 539. 97	20, 054, 702. 06
Impairment loss of assets (losses are indicated by "-")	32	-201, 724, 192. 19	-67, 879, 577. 42	* Total comprehensive income attributable to minority shareholders	68	4, 591, 015, 769. 31	2, 707, 837, 247. 95
Income from asset disposal (losses are indicated by "-")	33	51, 497, 252. 49	24, 072, 015. 91	**VIII. Earnings per share:**	69	—	—
III. Operating profit (losses are indicated by "-")	34	**10, 711, 098, 674. 35**	**8, 296, 012, 096. 49**	Basic earnings per share	70		
Plus: non-operating income	35	632, 475, 586. 99	747, 080, 163. 57	Diluted earnings per share	71		
Including: government subsidies	36	135, 844, 178. 21	171, 226, 709. 03		72		

Note: The accounts with * in the table are special for consolidated accounting statements; the item with △ is dedicated for financial enterprises; the items with ☆ are applicable for enterprises implementing the new income/ new financial instrument standards.

Consolidated Cash Flow Statement

Enterprise Finance Table 03

Prepared by: Shandong Energy Group Co., Ltd. (merged) | January 1 to June 30 of 2021 | Amount Unit: RMB

Item	Line No.	Amount of current period	Amount of previous period	Item	Line No.	Amount of current period	Amount of previous period
I. Net cash flow from operating activities:	1	—	—	Cash received from disposal of investments	30	5, 194, 823, 345. 05	3, 719, 916, 567. 88
Cash received from selling goods and providing services	2	402, 118, 977, 377. 02	299, 077, 802, 039. 05	Cash received from investment income	31	437, 841, 158. 91	1, 314, 328, 743. 20
△ Net increase in customer bank deposits and due to banks and other financial institutions	3			Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	32	133, 638, 942. 92	313, 214, 525. 14
△ Net increase in borrowing from the central bank	4			Net cash received from disposal of subsidiaries and other business units	33	369, 399, 307. 75	26, 140, 485. 60
△ Net increase in borrowing funds from other financial institutions	5			Other cash received relating to investment activities	34	3, 979, 052, 478. 86	4, 062, 214, 530. 60
△ Cash received from the premium of the original insurance contract	6			**Subtotal cash inflow from investment activities**	35	**10, 114, 755, 233. 49**	**9, 435, 814, 852. 42**
△ Net cash received from reinsurance business	7			Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	36	9, 034, 894, 141. 23	6, 631, 535, 868. 00
△ Net increase in deposits and investments from insurers	8			Cash paid for investment	37	6, 160, 369, 595. 73	4, 054, 904, 610. 00
△ Net increase from disposal of the financial assets measured at fair value and whose changes are counted to current gains and losses	9			△ Net increase of pledged loans	38		
△ Cash collected for interest, handling fees and commissions	10			Net cash paid for acquisition of a subsidiary and other operating units	39	558, 484, 000. 00	4, 000, 000. 00
△ Net increase of borrowed funds	11			Other cash paid relating to investment activities	40	3, 237, 788, 946. 85	4, 335, 082, 739. 80
△ Net increase in repurchase business funds	12			**Subtotal cash outflow from investment activities**	41	**18, 991, 536, 683. 81**	**15, 025, 523, 217. 80**
△ Net cash received from agent trading of securities	13			**Net cash flow from investment activities**	42	**-8, 876, 781, 450. 32**	**-5, 589, 708, 365. 38**
Tax refund received	14	881, 234, 590. 22	851, 159, 503. 61	**III. Cash flow from fund-raising activities:**	43	—	—
Other cash received relating to operating activities	15	4, 838, 611, 033. 35	4, 780, 310, 831. 79	Cash received from investment absorption	44	1, 160, 185, 172. 18	305, 307, 122. 00
Subtotal cash inflow from operating activities	16	**407, 838, 823, 000. 59**	**304, 709, 272, 374. 45**	Including: the subsidiary absorbs cash received from minority shareholders' investment	45	1, 160, 185, 172. 18	305, 307, 122. 00
Cash paid for purchasing goods and accepting labor services	17	352, 468, 833, 489. 74	256, 852, 353, 116. 94	Cash received from borrowing	46	90, 132, 798, 352. 08	91, 538, 966, 854. 00
△ Net increase in loans and payments on behalf of customers	18			Other cash received relating to fund-raising activities	47	1, 412, 803, 321. 75	7, 010, 579, 626. 00
△ Net increase in deposits with central bank and other financial institutions	19			**Subtotal cash inflow from financing activities**	48	**92, 705, 786, 846. 01**	**98, 854, 853, 602. 00**
△ Cash for payment of compensation under the original insurance contract	20			Cash paid for debt repayment	49	80, 199, 448, 894. 87	67, 296, 979, 031. 00
△ Net increase of lending funds	21			Cash paid for distributing dividends, profits or repaying interest	50	9, 897, 853, 781. 97	7, 398, 683, 289. 28
△ Cash for paying interest, handling fees and commissions	22			Including: dividends and profits paid by subsidiaries to minority shareholders	51	930, 792, 738. 48	124, 447, 016. 66
△ Cash for paying policy dividends	23			Cash paid relating to fund-raising activities	52	1, 959, 012, 621. 22	7, 351, 920, 455. 08
Cash paid to and for employees	24	20, 150, 207, 490. 19	16, 983, 487, 533. 10	**Subtotal cash outflow from financing activities**	53	**92, 056, 315, 298. 06**	**82, 047, 582, 775. 36**
Various taxes and fees paid	25	15, 058, 274, 172. 33	13, 439, 569, 470. 11	**Net cash flow from fund-raising activities**	54	**649, 471, 547. 95**	**16, 807, 270, 826. 64**
Other cash paid relating to operating activities	26	5, 232, 837, 829. 73	5, 871, 620, 064. 70	**IV. Impact of exchange rate changes on cash and cash equivalents**	55	**-119, 165, 305. 04**	**151, 438, 462. 40**
Subtotal cash outflow from operating activities	27	**392, 910, 152, 981. 99**	**293, 147, 030, 184. 85**	**V.Net increase in cash and cash equivalents**	56	**6, 582, 194, 811. 19**	**22, 931, 243, 113. 26**
Net cash flow from operating activities	28	**14, 928, 670, 018. 60**	**11, 562, 242, 189. 60**	Plus: opening balance of cash and cash equivalents	57	40, 173, 751, 263. 48	41, 701, 637, 566. 00
II. Net cash flow from investment activities:	29	—	—	**VI. Closing balance of cash and cash equivalents**	58	**46, 755, 946, 074. 67**	**64, 632, 880, 679. 26**

Note: Items with △ are for financial enterprises only.

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