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兗礦能源集團股份有限公司  
**YANKUANG ENERGY GROUP COMPANY LIMITED\***

*(A joint stock limited company incorporated in the People's Republic of China ("PRC") with limited liability)*  
**(Stock Code: 01171)**

**ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

The board of directors (the “**Board**”) of Yankuang Energy Group Company Limited\* (“the **Company**”) is pleased to announce the audited annual results for the year ended 31 December 2021 (the “**2021 Annual Results**”) of the Company and its subsidiaries (“the **Group**”). The 2021 Annual Results has been reviewed by the Audit Committee to the Board. All the data listed in the consolidated statement of assets and liabilities, the consolidated statement of profit or loss, the consolidated statement of comprehensive income and the notes herein this announcement are in consistence with the data listed in the audited consolidated financial statements for the year 2021 of the Group.

The 2021 Annual Results can be accessed through the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.yanzhoucoal.com.cn](http://www.yanzhoucoal.com.cn)). The 2021 annual report of the Company carrying all the data in pursuant to the Hong Kong Listing Rules will be posted to the Shareholders and announced at the above-mentioned websites in due time.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
Gross sales of coal		83,796,609	65,419,830
Railway transportation service income		337,560	377,800
Gross sales of electricity and heat supply		2,699,299	743,109
Gross sales of equipment manufacturing		380,133	149,289
Gross sales of chemical products		21,402,046	2,432,992
Total revenue		108,615,647	69,123,020
Transportation costs		(3,367,180)	(3,860,107)
Cost of sales and services provided		(47,320,582)	(48,351,397)
Cost of electricity of and heat supply		(2,798,402)	(616,558)
Cost of equipment manufacturing		(309,314)	(144,339)
Cost of chemical products		(14,885,010)	(2,058,252)
Total cost of sales		(68,680,488)	(55,030,653)
Gross profit		39,935,159	14,092,367
Selling, general and administrative expenses		(15,115,462)	(8,433,320)
Share of results of associates		1,810,546	1,428,519
Share of results of joint ventures		257,580	(305,733)
Other income and gains		2,720,320	10,301,560
Loss on reconsolidation of Watagan		–	(6,844,010)
Finance costs		(5,319,334)	(2,867,029)
Profit before tax		24,288,809	7,372,354
Income tax expenses	4	(5,469,609)	(1,815,033)
Profit for the year		18,819,200	5,557,321
Attributable to:			
Equity holders of the Company		16,941,435	6,318,000
Owners of perpetual capital securities		178,664	491,042
Non-controlling interests			
– Perpetual capital securities		–	56,656
– Other		1,699,101	(1,308,377)
		18,819,200	5,557,321
Earnings per share, basic	6	RMB3.48	RMB1.29
Earnings per share, diluted	6	RMB3.47	RMB1.29

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2021*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year	<b>18,819,200</b>	5,557,321
<b>Other comprehensive (expense) income (after income tax):</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Fair value change on equity investments at fair value through other comprehensive income (“FVTOCI”)	(918)	1,423
Income tax relating to item that will not be reclassified subsequently	<u>229</u>	<u>(356)</u>
	<u>(689)</u>	<u>1,067</u>
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Cash flow hedges:		
Cash flow hedge amounts recognised in other comprehensive income	(520,435)	1,226,908
Reclassification adjustments for amounts transferred to income statement	459,066	609,981
Deferred taxes	<u>18,411</u>	<u>(551,067)</u>
	<u>(42,958)</u>	<u>1,285,822</u>
Share of other comprehensive expense of associates	(42,906)	(140,352)
Exchange difference arising on translation of foreign operations	<u>(2,918,115)</u>	<u>836,788</u>
Other comprehensive (expense) income for the year	<u>(3,004,668)</u>	<u>1,983,325</u>
Total comprehensive income for the year	<u><b>15,814,532</b></u>	<u><b>7,540,646</b></u>
Attributable to:		
Equity holders of the Company	14,896,144	7,399,860
Owners of perpetual capital securities	178,664	491,042
Non-controlling interests		
– Perpetual capital securities	–	56,656
– Other	<u>739,724</u>	<u>(406,912)</u>
	<u><b>15,814,532</b></u>	<u><b>7,540,646</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	NOTES	2021 RMB'000	2020 RMB'000
<b>Current assets</b>			
Bank balances and cash		40,044,795	17,116,460
Pledged term deposits		160,000	1,010,256
Restricted cash		5,367,672	6,415,643
Bills and accounts receivables	7	13,602,107	7,291,455
Inventories		7,806,715	7,113,633
Prepayments and other receivables		20,261,343	16,684,986
Royalty receivable		105,829	97,935
Long-term receivables – due within one year		1,445,352	1,763,523
Financial assets at fair value through profit or loss		150,481	50,356
		<u>88,944,294</u>	<u>57,544,247</u>
Assets classified as held for sale		7,904	8,578
		<u>88,952,198</u>	<u>57,552,825</u>
<b>Non-current assets</b>			
Intangible assets		75,528,799	72,714,205
Property, plant and equipment		75,270,589	65,516,221
Right-of-use assets		3,933,816	5,365,499
Investment properties		1,414,126	1,389,163
Construction in progress		11,910,634	20,635,959
Prepayments for property, plant and equipment and intangible assets		12,149,077	20,666,014
Goodwill		1,720,498	1,754,149
Investments in securities		594,183	444,613
Interests in associates		19,488,070	18,580,156
Interests in joint ventures		661,077	445,411
Long-term receivables – due after one year		6,343,092	4,720,330
Royalty receivable		914,055	1,009,562
Deposits made on investments		298,956	178,055
Deferred tax assets		2,779,837	2,037,096
		<u>213,006,809</u>	<u>215,456,433</u>
<b>Total assets</b>		<u><u>301,959,007</u></u>	<u><u>273,009,258</u></u>

	<i>NOTES</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Current liabilities</b>			
Bills and accounts payables	8	<b>22,995,923</b>	21,812,134
Other payables and accrued expenses		<b>36,647,289</b>	41,800,325
Contract liabilities		<b>4,982,639</b>	3,176,540
Provision for land subsidence, restoration, rehabilitation and environmental costs		<b>966,925</b>	13,129
Provision		<b>52,695</b>	61,114
Amounts due to Parent Company and its subsidiaries		<b>2,693,959</b>	2,111,472
Borrowings – due within one year		<b>25,205,390</b>	31,382,126
Financial liabilities at fair value through profit or loss		<b>59,132</b>	231,971
Lease liabilities		<b>184,117</b>	955,963
Tax payable		<b>2,491,895</b>	1,028,274
Long term payables – due within one year		<b>1,518</b>	3,174
		<b>96,281,482</b>	102,576,222
<b>Non-current liabilities</b>			
Provision for land subsidence, restoration, rehabilitation and environmental costs		<b>3,692,198</b>	3,410,120
Provision		<b>1,115,839</b>	1,047,780
Borrowings – due after one year		<b>78,194,707</b>	60,880,818
Lease liabilities		<b>915,911</b>	1,634,000
Long term payables – due after one year		<b>3,623,604</b>	2,918,195
Deferred tax liabilities		<b>10,178,780</b>	8,458,913
		<b>97,721,039</b>	78,349,826
<b>Total liabilities</b>		<b>194,002,521</b>	180,926,048
<b>Capital and reserves</b>			
Share capital	9	<b>4,874,184</b>	4,860,000
Reserves		<b>63,783,476</b>	53,034,751
Equity attributable to equity holders of the Company		<b>68,657,660</b>	57,894,751
Owners of perpetual capital securities	10	<b>8,118,100</b>	5,217,667
Non-controlling interests			
– Others		<b>31,180,726</b>	28,970,792
		<b>107,956,486</b>	92,083,210
<b>Total liabilities and equity</b>		<b>301,959,007</b>	273,009,258

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

## 1. BASIS OF PREPARATION AND PRESENTATION

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The Company also prepares a set of consolidated financial statements in accordance with the China Accounting Standards for Business Enterprises (“PRC GAAP”).

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had net current liabilities of approximately RMB7,329,284,000 as at 31 December 2021.

In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the next twelve months from 31 December 2021 by taking into consideration the followings:

- The directors of the Company anticipate that the Group will generate positive cash flows from its operations; and
- The undrawn borrowings facilities available for immediate use.

Based on the above, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations when they fall due for the next twelve months from 31 December 2021. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis. No adjustments had been made relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

## 2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS(S)”)

In the current year, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in International Financial Reporting Standards (“IFRSs”) and the following amendments to IFRSs issued by the International Accounting Standards Board (the “IASB”) which are effective for the Group’s financial year beginning 1 January 2021:

Amendments to IFRS 9, IAS 39 and IFRS 7,  
IFRS 4 and IFRS 16

Interest Rate Benchmark Reform – Phase 2

The application of the Amendments to References to the Conceptual Framework in IFRSs and the amendments to IFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these financial statements.

### 3. SEGMENT INFORMATION

For management purposes, the Group is currently organised into five operating divisions-coal mining, smart logistics, electricity and heat supply; equipment manufacturing and chemical products. These divisions are the basis on which the Group reports its segment information.

Principal activities are as follows:

Coal mining	Underground and open-cut mining, preparation and sales of coal and potash mineral exploration
Smart logistics	Provision of transportation services
Electricity and heat supply	Provision of electricity and related heat supply services
Equipment manufacturing	Manufacturing of comprehensive coal mining and excavating equipment
Chemical products	Production and sales of chemical products

#### (a) Segment revenues and results

Segment information about these businesses is presented below:

	For the year ended 31 December 2021							Consolidated RMB'000
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	
SEGMENT REVENUE								
External	83,796,609	337,560	2,699,299	380,133	21,402,046	-	-	108,615,647
Inter-segment	9,635,532	49,000	-	1,065,352	11,567,155	-	(22,317,039)	-
Total	<u>93,432,141</u>	<u>386,560</u>	<u>2,699,299</u>	<u>1,445,485</u>	<u>32,969,201</u>	<u>-</u>	<u>(22,317,039)</u>	<u>108,615,647</u>

	For the year ended 31 December 2021							Consolidated RMB'000
	Coal mining RMB'000	Smart logistics RMB'000	Electricity and heat supply RMB'000	Equipment manufacturing RMB'000	Chemical products RMB'000	Unallocated RMB'000	Eliminations RMB'000	
RESULTS								
Segment results	<u>26,126,065</u>	<u>102,762</u>	<u>(621,668)</u>	<u>70,444</u>	<u>5,592,449</u>	<u>-</u>	<u>-</u>	<u>31,270,052</u>
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,643,385)
Unallocated corporate income	-	-	-	-	-	-	-	1,595,067
Interest income	-	-	-	-	-	-	-	1,318,283
Share of results of associates	30,055	50,689	96,249	-	-	1,633,553	-	1,810,546
Share of results of joint ventures	257,580	-	-	-	-	-	-	257,580
Finance costs	-	-	-	-	-	-	-	<u>(5,319,334)</u>
Profit before tax								24,288,809
Income tax expenses								<u>(5,469,609)</u>
Profit for the year								<u>18,819,200</u>

	For the year ended 31 December 2020							
	Coal mining	Smart logistics	Electricity and heat supply	Equipment manufacturing	Chemical products	Unallocated	Eliminations	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>SEGMENT REVENUE</b>								
External	65,419,830	377,800	743,109	149,289	2,432,992	-	-	69,123,020
Inter-segment	1,827,549	50,590	383,640	806,431	-	-	(3,068,210)	-
Total	<u>67,247,379</u>	<u>428,390</u>	<u>1,126,749</u>	<u>955,720</u>	<u>2,432,992</u>	<u>-</u>	<u>(3,068,210)</u>	<u>69,123,020</u>

	For the year ended 31 December 2020							
	Coal mining	Smart logistics	Electricity and heat supply	Equipment manufacturing	Chemical products	Unallocated	Eliminations	Consolidated
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>RESULTS</b>								
Segment results	<u>11,502,529</u>	<u>152,106</u>	<u>30,857</u>	<u>4,950</u>	<u>209,276</u>	<u>-</u>	<u>-</u>	<u>11,899,718</u>
Unallocated corporate expenses	-	-	-	-	-	-	-	(6,802,868)
Unallocated corporate income	-	-	-	-	-	-	-	3,016,091
Interest income	-	-	-	-	-	-	-	1,003,656
Share of results of associates	471,974	37,803	36,216	-	-	882,526	-	1,428,519
Share of results of joint ventures	(305,733)	-	-	-	-	-	-	(305,733)
Finance costs	-	-	-	-	-	-	-	<u>(2,867,029)</u>
Profit before tax								7,372,354
Income tax expenses								<u>(1,815,033)</u>
Profit for the year								<u><u>5,557,321</u></u>

#### 4. INCOME TAX EXPENSES

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Income taxes:		
Current taxes	<b>6,434,967</b>	2,935,191
Deferred taxes	<b>(965,358)</b>	(1,120,158)
	<b><u>5,469,609</u></b>	<b><u>1,815,033</u></b>

Except for certain subsidiaries in the PRC that are entitled to a preferential tax rate of 15%, the Company and its subsidiaries in the PRC are subject to the standard income tax rate of 25% on its taxable income (2020: 25%).

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

#### 5. DIVIDEND RECOGNISED AS DISTRIBUTION DURING THE YEAR

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
2020 final dividend, RMB1.00 per share (2020: 2019 final dividend, RMB0.58 per share)	<b><u>4,874,184</u></b>	<b><u>2,818,800</u></b>

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

The board of directors proposes to declare a final dividend of RMB1.6 per share (tax inclusive) and a special dividend of RMB0.4 per share (tax inclusive) in respect of the year ended 31 December 2021. The declaration and payment of the dividends needs to be approved by the shareholders of the Company in the forthcoming annual general meeting

## 6. EARNINGS PER SHARE

The calculation of the diluted earnings per share for the year ended 31 December 2021 is based on the profit for the year attributable to equity holders of the Company with an adjustment on effect of dilutive share incentive schemes of a non-wholly owned subsidiary. For the year ended 31 December 2020, no adjustment is made for the share of results of a subsidiary, as the effect is anti-dilutive.

For the year ended 31 December 2021, the number of ordinary shares used in the calculation of diluted earnings per share is the weighted average number of ordinary shares in issue during the year as used in the basic earnings per share calculation and adjusted for the effect of potential ordinary shares from the Company's share options. For the year ended 31 December 2020, the assumed exercise price of the Company's outstanding share options was higher than the average market price of shares, and thus the computation of diluted earnings per share does not assume the exercise of the Company's options,

The calculations of basic and diluted earnings per share are based on the following data:

	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Earnings</b>		
Profit for the year attributable to equity holders of the parent, used in the basic earnings per share calculation	<b>16,941,434</b>	6,318,000
Adjustment to the share of profit of a subsidiary based on dilution of their earnings.	<b>(9,984)</b>	—
Earnings for the purpose of diluted earnings per share	<b><u>16,931,450</u></b>	<b><u>6,318,000</u></b>
<b>Number of shares ('000)</b>		
	<b>2021</b>	2020
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	<b>4,870,572</b>	4,883,878
Effect of dilutive potential ordinary shares:		
Share options	<b>13,212</b>	—
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<b><u>4,883,784</u></b>	<b><u>4,883,878</u></b>

## 7. BILLS AND ACCOUNTS RECEIVABLES

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivables	6,684,333	4,479,924
Less: impairment loss	<u>(505,005)</u>	<u>(500,704)</u>
	6,179,328	3,979,220
Bills receivables	7,423,806	3,312,609
Less: impairment loss	<u>(1,027)</u>	<u>(374)</u>
Total bills and accounts receivables, net	<u><b>13,602,107</b></u>	<u><b>7,291,455</b></u>

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

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 90 days	9,051,257	4,016,269
91 – 180 days	2,253,293	1,499,849
181 – 365 days	1,681,701	1,260,276
Over 1 year	<u>615,856</u>	<u>515,061</u>
	<u><b>13,602,107</b></u>	<u><b>7,291,455</b></u>

## 8. BILLS AND ACCOUNTS PAYABLES

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts payable	12,305,428	11,930,944
Bills payable	<u>10,690,495</u>	<u>9,881,190</u>
	<u><b>22,995,923</b></u>	<u><b>21,812,134</b></u>

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

	At 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 – 90 days	13,690,406	16,753,871
91 – 180 days	3,174,587	1,593,665
181 – 365 days	2,976,175	1,494,061
Over 1 year	<u>3,154,755</u>	<u>1,970,537</u>
	<u><b>22,995,923</b></u>	<u><b>21,812,134</b></u>

## 9. SHARE CAPITAL

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

	Domestic invested shares A shares	Foreign invested shares H shares	Total
<b>Number of shares</b>			
At 1 January 2020	2,960,000,000	1,952,016,000	4,912,016,000
Share repurchased	–	(52,016,000)	(52,016,000)
At 31 December 2020 and 1 January 2021	2,960,000,000	1,900,000,000	4,860,000,000
Issue of shares upon exercise of share options	14,184,000	–	14,184,000
At 31 December 2021	<u>2,974,184,000</u>	<u>1,900,000,000</u>	<u>4,874,184,000</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Registered, issued and fully paid</b>			
At 1 January 2020	2,960,000	1,952,016	4,912,016
Share repurchased	–	(52,016)	(52,016)
At 31 December 2020 and 1 January 2021	2,960,000	1,900,000	4,860,000
Issue of shares upon exercise of share options	14,184	–	14,184
At 31 December 2021	<u>2,974,184</u>	<u>1,900,000</u>	<u>4,874,184</u>

Each share has a par value of RMB1.

## 10. PERPETUAL CAPITAL SECURITIES

	Perpetual capital securities issued by the Company <i>RMB'000</i>	Perpetual capital securities issued by a subsidiary <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020	10,311,611	3,417,351	13,728,962
Dividend to holders of perpetual capital security	491,042	56,656	547,698
Distribution paid to holders of perpetual capital security	(584,986)	(56,656)	(641,642)
Redemption of perpetual capital security	<u>(5,000,000)</u>	<u>(3,417,351)</u>	<u>(8,417,351)</u>
At 31 December 2020 and 1 January 2021	5,217,667	–	5,217,667
Issuance of perpetual capital security	7,984,270	–	7,984,270
Dividend to holders of perpetual capital security	178,664	–	178,664
Distribution paid to holders of perpetual capital security	(262,501)	–	(262,501)
Redemption of perpetual capital security	<u>(5,000,000)</u>	<u>–</u>	<u>(5,000,000)</u>
At 31 December 2021	<u>8,118,100</u>	<u>–</u>	<u>8,118,100</u>

## I. MANAGEMENT DISCUSSION AND ANALYSIS

In 2021, the Group proactively seized the opportunities brought by the national policy of Carbon Peaking & Carbon Neutrality and adjusted development strategy with global vision and open mind, under which, the Group has given full play to the synergistic and complementary advantages of different regions and diversified industries, continuously optimized its industrial structure and regional layout, accelerated the transformation of its development mode, expanded its development horizon, and comprehensively improved its core competitiveness, value generating and sustainable development ability. Great efforts were made to promote intelligent and high-efficient transformation of coal industry: 31 intelligent coal mining workfaces were built, 5 demonstration intelligent coal mines of national standard, all coal mines with rock burst in Headquarter base realized intelligent mining. In Shaanxi-Inner Mongolia base, Yingpanhao Coal Mine obtained mining license, Shilawusu Coal Mine was put into production according to laws, realized transformation of resources advantages into economic advantages, with sound growing growth momentum. In Australia base, the cost-effective production of major coal mines were fully put into operation, operation quality and economic benefits were greatly improved. In term of chemical industry, the Group accelerated extending industrial chains to high-end value ones. Future Energy's 100,000 tons/year high-end fischer-tropsch synthetic products filled the domestic gap in the field of high-end special wax manufacturing; Lunan Chemical became the "chain master" enterprise of Shandong Province coal-based fine chemicals industry chain, and the 300,000 tons/year caprolactam project was completed construction and put into operation. Great achievements were made in technological innovation: A total of RMB1,140 million was invested in R&D, increased by 123.5 % as compared with that of the previous year; 40 scientific awards of national level and provincial level were granted. A digital transformation and development mode of "Industrial Internet and Intelligent Mine" was established, digital operation and control system was promoted and applied, core business realized whole process connected and data sharing. The first block for comprehensive land subsidence rehabilitation, featuring ecological harmony of "fishing, farming, schooling", was completed and set a nationwide model for ecological restoration.

## (I) Business Overview

	Unit	2021	2020	Increase/ Decrease	Increase/ Decrease (%)
<b>1. Coal Business</b>					
Salable coal production volume	kiloton	<b>105,025</b>	104,041	984	0.95
Salable coal sales volume	kiloton	<b>105,645</b>	136,249	-30,604	-22.46
<b>2. Coal Chemicals Business</b>					
Chemical products production volume	kiloton	<b>5,794</b>	2,090	3,704	177.16
Chemical products sales volume	kiloton	<b>5,246</b>	2,095	3,150	150.36
<b>3. Power Generation Business</b>					
Power generation	10,000KWh	<b>726,760</b>	286,793	439,967	153.41
Electricity sold	10,000KWh	<b>575,555</b>	188,372	387,183	205.54

### Notes:

- ① There were significant differences between production volumes and sales volumes of power generation business products in the above table, which was mainly due to the fact that related products of the Group are sold externally after satisfying its internal operating demand.
- ② The data in above table and the data for the reporting period and the comparative periods are all rounded off, but the increase and decrease percentages are calculated according to the original data before rounding.

## (II) Operation by Business Segment

### 1. Coal business

#### (1) Coal production

In 2021, the Group produced 105.03 million tons of salable coal, representing an increase of 0.98 million tons or 0.9% as compared with that of the previous year.

The following table sets out the salable coal production of the Group for the year 2021:

Items	2021	2020	Unit: Kiloton	
			Increase/ Decrease	Increase/ Decrease (%)
1. The Company	<b>26,788</b>	30,659	-3,872	-12.63
2. Heze Neng Hua	<b>2,533</b>	3,282	-749	-22.81
3. Shanxi Neng Hua	<b>1,300</b>	1,612	-312	-19.36
4. Future Energy <sup>①</sup>	<b>17,112</b>	1,532	15,579	1,016.70
5. Ordos Neng Hua	<b>11,511</b>	15,821	-4,310	-27.24
6. Haosheng Company <sup>②</sup>	<b>3,188</b>	8,241	-5,053	-61.32
7. Inner Mongolia Mining <sup>③</sup>	<b>832</b>	–	–	–
8. Yancoal Australia	<b>36,699</b>	37,776	-1,077	-2.85
9. Yancoal International	<b>5,063</b>	5,118	-55	-1.08
Total	<b><u>105,025</u></b>	<b><u>104,041</u></b>	<b><u>984</u></b>	<b><u>0.95</u></b>

#### Notes:

- ① The production of salable coal by Future Energy increased as compared with that of the previous year, which is mainly because the Group consolidated the financial statements of Future Energy in December 2020, and its saleable coal production was consolidated to the Group accordingly.
- ② The production of saleable coal of Haosheng Company decreased as compared with that of the previous year, which is mainly because the production decreased due to the constraints of safety and environment protection policies.
- ③ During the reporting period, Inner Mongolia Mining purchased 57.75% equity interests of Yingpanhao Coal Mine held by Ordos Neng Hua, for which reason, the operating data of Yingpanhao Coal Mine for the year 2021 was recorded under Inner Mongolia Mining.

(2) Coal prices and marketing

In 2021, the Group sold a total of 105.64 million tons of coal, representing a decrease of 30.06 million tons or 22.5% as compared with that of the previous year, which was attributed to ① the self-produced coal decreased as compared with that of the previous year; ② the sales volume of traded coal decreased as compared with that of the previous year.

In 2021, the Group realized sales income of coal business of RMB83.797 billion, representing an increase of RMB18.377 billion or 28.1% as compared with that of the previous year, which was mainly attributed to the rise of saleable coal price.

The following table sets out the Group's coal production and sales by coal types for the year 2021:

	2021				2020			
	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Price (RMB/ton)	Sales Income (RMB' 000,000)	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Price (RMB/ton)	Sales Income (RMB' 000,000)
1. The Company	26,788	23,045	864.79	19,929	30,659	31,223	524.64	16,381
No.1 clean coal	754	712	1,162.64	828	739	783	753.07	589
No.2 clean coal	7,907	7,369	1,221.44	9,001	8,813	9,119	705.87	6,437
No.3 clean coal	4,254	3,479	1,072.46	3,731	3,221	3,327	559.12	1,860
Lump coal	10	8	771.65	7	2,025	2,161	602.71	1,303
Sub-total of clean coal	12,926	11,569	1,172.68	13,567	14,798	15,390	662.06	10,189
Screened raw coal	13,862	11,476	554.39	6,362	15,861	15,832	391.07	6,192
2. Heze Neng Hua	2,533	2,026	1,536.75	3,113	3,282	3,093	869.76	2,690
No.2 Clean Coal	2,230	2,026	1,536.75	3,113	2,557	2,638	953.87	2,517
Screened raw coal	303	-	-	-	725	455	381.91	174
3. Shanxi Neng Hua	1,300	1,265	467.22	591	1,612	1,661	282.31	469
Screened raw coal	1,300	1,265	467.22	591	1,612	1,661	282.31	469
4. Future Energy	17,112	12,412	700.77	8,698	1,532	1,312	428.51	562
No.3 Clean Coal	2,110	2,079	722.03	1,501	194	184	442.45	81
Lump coal	4,124	3,946	709.06	2,798	329	321	454.15	146
Screened raw coal	10,877	6,387	688.73	4,399	1,010	807	415.12	335
5. Ordos Neng Hua	11,511	8,530	537.06	4,581	15,821	13,131	259.78	3,411
Screened raw coal	11,511	8,530	537.06	4,581	15,821	13,131	259.78	3,411
6. Haosheng Company	3,188	3,338	627.03	2,093	8,241	8,124	298.16	2,422
Screened raw coal	3,188	3,338	627.03	2,093	8,241	8,124	298.16	2,422
7. Inner Mongolia Mining	832	846	491.04	416	-	-	-	-
Screened raw coal	832	846	491.04	416	-	-	-	-

	2021				2020			
	Production	Sales	Sales	Sales	Production	Sales	Sales	Sales
	Volume (kiloton)	Volume (kiloton)	Price (RMB/ton)	Income (RMB' 000,000)	Volume (kiloton)	Volume (kiloton)	Price (RMB/ton)	Income (RMB' 000,000)
8. Yancoal Australia	36,699	37,455	674.44	25,261	37,776	37,275	413.70	15,420
Semi-hard coking coal	236	241	1,194.73	287	207	205	683.65	140
Semi-soft coking coal	2,784	2,841	812.00	2,307	1,632	1,610	615.19	990
PCI coal	2,641	2,696	903.94	2,437	2,334	2,303	613.38	1,413
Thermal coal	31,038	31,678	638.62	20,230	33,603	33,157	388.38	12,877
9. Yancoal International	5,063	4,915	524.47	2,578	5,118	5,253	353.32	1,856
Thermal coal	5,063	4,915	524.47	2,578	5,118	5,253	353.32	1,856
10. Traded coal	-	11,813	1,399.91	16,537	-	35,177	631.32	22,208
Total for the Group	<u>105,025</u>	<u>105,645</u>	<u>793.19</u>	<u>83,797</u>	<u>104,041</u>	<u>136,249</u>	<u>480.15</u>	<u>65,420</u>

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

	<b>Impact of Changes on Coal Sales Volume (RMB' 000,000)</b>	<b>Impact of Changes on the Sales Price of Coal (RMB' 000,000)</b>
The Company	-4,291	7,839
Heze Neng Hua	-928	1,351
Shanxi Neng Hua	-112	234
Future Energy	4,756	3,379
Ordos Neng Hua	-1,195	2,365
Haosheng Company	-1,427	1,098
Inner Mongolia Mining	416	-
Yancoal Australia	75	9,766
Yancoal International	-119	841
Traded Coal	<u>-14,750</u>	<u>9,080</u>

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

The following table sets out the Group's coal sales by geographical regions for the year 2021:

	2021		2020	
	Sales volume (Kiloton)	Sales income (RMB million)	Sales volume (Kiloton)	Sales income (RMB million)
1. China	68,684	60,465	101,291	50,774
East China	39,168	38,155	46,957	28,432
South China	2,796	2,034	16,031	6,541
North China	15,164	11,595	22,133	9,448
Northwest China	7,425	4,245	9,941	3,255
Other regions	4,131	4,436	6,229	3,098
2. Japan	9,867	8,390	8,485	4,041
3. South Korea	4,445	3,163	4,318	2,045
4. Singapore	7,202	2,931	8,923	2,825
5. Australia	7,192	4,050	7,636	2,882
6. Others	8,254	4,798	5,596	2,853
7. Total for the Group	<u>105,645</u>	<u>83,797</u>	<u>136,249</u>	<u>65,420</u>

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

The following table sets out the Group's coal sales by consuming industries for the year 2021:

	2021		2020	
	Sales Volume (kiloton)	Sales Income (RMB'000,000)	Sales Volume (kiloton)	Sales Income (RMB'000,000)
1. Power generation	52,771	32,405	50,608	19,810
2. Metallurgy	8,909	9,469	6,899	5,694
3. Chemical	12,988	11,830	13,645	7,702
4. Trade business	28,400	27,959	62,110	30,848
5. Others	2,577	2,135	2,986	1,365
6. Total for the Group	<u>105,645</u>	<u>83,797</u>	<u>136,249</u>	<u>65,420</u>

(3) *The Cost of Coal Sales*

In 2021, the Group's cost of coal sales amounted to RMB47.101 billion, representing a decrease of RMB1.044 billion or 2.2% as compared with that of the previous year.

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

		Unit	2021	2020	Increase/ Decrease	Increase/ Decrease (%)
The Company	Total cost of sales	RMB million	<b>9,070</b>	9,026	45	0.49
	Cost of sales per ton	RMB/ton	<b>375.39</b>	287.15	88.24	30.73
Heze Neng Hua	Total cost of sales	RMB million	<b>1,366</b>	1,519	-153	-10.08
	Cost of sales per ton	RMB/ton	<b>600.76</b>	451.28	149.47	33.12
Shanxi Neng Hua	Total cost of sales	RMB million	<b>467</b>	398	69	17.25
	Cost of sales per ton	RMB/ton	<b>369.04</b>	239.66	129.39	53.99
Future Energy	Total cost of sales	RMB million	<b>4,046</b>	251	3,794	1,510.16
	Cost of sales per ton	RMB/ton	<b>268.29</b>	188.28	80.01	42.49
Ordos Neng Hua	Total cost of sales	RMB million	<b>2,419</b>	2,004	415	20.72
	Cost of sales per ton	RMB/ton	<b>283.59</b>	151.51	132.08	87.18
Haosheng Company	Total cost of sales	RMB million	<b>2,175</b>	1,527	648	42.46
	Cost of sales per ton	RMB/ton	<b>651.56</b>	187.94	463.62	246.69
Inner Mongolia Mining	Total cost of sales	RMB million	<b>641</b>	-	641	-
	Cost of sales per ton	RMB/ton	<b>757.13</b>	-	757.13	-
Yancoal Australia	Total cost of sales	RMB million	<b>12,451</b>	10,845	1,606	14.81
	Cost of sales per ton	RMB/ton	<b>332.43</b>	290.96	41.47	14.25
Yancoal International	Total cost of sales	RMB million	<b>1,557</b>	1,350	207	15.33
	Cost of sales per ton	RMB/ton	<b>312.64</b>	257.03	55.61	21.63
Traded coal	Total cost of sales	RMB million	<b>15,704</b>	21,474	-5,770	-26.87
	Cost of sales per ton	RMB/ton	<b>1,329.38</b>	610.46	718.91	117.77

In 2021, the sales cost of self-produced coal of each operating entity generally increased year-on-year, which is due to the following facts: (1) the impact of geological environment and the growing stringent safety supervision and environmental protection policies, the domestic production of coal decreased year-on-year, causing an increase in the cost of sales of coal per ton; (2) In pursuant to the new requirements of the local governments and the reasonable estimation of relocation costs according to the realities, the Group raised the provision standard for subsidence expenses of some mines during the reporting period; (3) the investment for mine intelligitization increased over the previous year.

## 2. Coal chemicals business

The following table sets out the Group's coal chemicals business for 2021:

	2021				2020			
	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Income (RMB'000,000)	Cost of Sales (RMB'000,000)	Production Volume (kiloton)	Sales Volume (kiloton)	Sales Income (RMB'000,000)	Cost of Sales (RMB'000,000)
1. Lunan Chemicals <sup>①</sup>	2,078	1,716	11,686	7,257	184	143	697	433
Of which: Acetic acid	1,092	757	4,275	1,982	94	60	221	104
Ethyl acetate	401	402	3,086	2,395	34	34	216	173
2. Future Energy	907	881	3,901	3,253	83	87	301	193
Of which: crude liquid wax	448	445	2,177	1,664	38	46	170	102
3. Yulin Neng Hua <sup>②</sup>	780	727	1,449	1,346	741	766	1,003	863
Of which: Methanol	780	727	1,449	1,346	741	766	1,003	863
4. Ordos Neng Hua <sup>③</sup>	2,015	1,908	4,338	3,014	1,082	1,098	1,430	1,195
Of which: Methanol	1,723	1,612	3,106	2,202	1,082	1,098	1,430	1,195
Ethylene glycol	292	295	1,231	811	-	-	-	-
5. Fine Chemicals	14	14	29	15	1	1	2	1
<b>Total</b>	<b>5,794</b>	<b>5,246</b>	<b>21,402</b>	<b>14,885</b>	<b>2,090</b>	<b>2,095</b>	<b>3,433</b>	<b>2,686</b>

### Notes:

- ① The production volume, sales volume, sales income and sales cost of the chemical products of Lunan Chemicals, Future Energy and Fine Chemicals increased as compared with that of the previous year, which was mainly due to the facts that the Group consolidated their financial statements in December 2020, and all their chemical business were merged into the Group; The prices of main products and raw materials rose.
- ② The sales income and sales cost of the chemical products of Yulin Neng Hua increased as compared with that of the previous year, which was mainly due to the facts that the prices of main products and raw materials rose.
- ③ The production volume, sales volume, sales income and sales cost of the chemical products of Ordos Neng Hua increased as compared with that of the previous year, which was mainly due to the facts that the phase II coal chemical project was completed and put into operation in early 2021, which contributed to the increase of methanol and ethylene glycol production; The prices of main products and raw materials rose.

### 3. Power Generation Business

The following table sets out the operation of the Group's power business for the year 2021:

	2021				2020			
	Power Generation (10,000KWh)	Power Sold (10,000KWh)	Sales Income (RMB million)	Sales Cost (RMB million)	Power Generation (10,000KWh)	Power Sold (10,000KWh)	Sales Income (RMB million)	Sales Cost (RMB million)
1. Hua Ju Energy <sup>①</sup>	-	-	-	-	75,673	25,056	105	111
2. Jining No.3 Power Plant <sup>②</sup>	140,134	122,507	436	352	14,717	14,717	37	37
3. Heze Neng Hua	152,330	133,476	479	454	155,308	137,145	478	372
4. Lunan Chemicals	23,209	9,835	54	47	1,930	1,097	5	5
5. Yulin Neng Hua <sup>③</sup>	33,448	15,540	38	38	28,429	6,694	15	6
6. Future Energy	105,527	41,924	121	144	10,735	3,663	11	13
7. Inner Mongolia Mining <sup>④</sup>	272,112	252,273	806	907	-	-	-	-
<b>Total for the Group</b>	<b>726,760</b>	<b>575,555</b>	<b>1,934</b>	<b>1,942</b>	<b>286,793</b>	<b>188,372</b>	<b>651</b>	<b>544</b>

#### Notes:

- ① Due to closure of power plant, the power generation, sales volume of power, sales income and sales cost of Hua Ju Energy for 2021 all stand at 0.
- ② For Jining No.3 Power Plant, Lunan Chemicals and Future Energy, their power generation, electricity sales, sales revenue and cost of sales increased year-on-year, for a reason that the Group consolidated its financial statements in December 2020, and its power business was incorporated into the Group.
- ③ The sales volume, sales income and cost of power generated by Yulin Neng Hua increased significantly, which is mainly due to the increase in external sales volume of power as compared with that of the previous year.
- ④ The Group increased its invested capital into Inner Mongolia Mining in 2020 and acquired 51% of its equity. Therefore, the relevant operating data of the Inner Mongolia mining power business was consolidated during the reporting period.

### (III) Analysis of Main Business

#### 1. Analysis of changes in related items in the income statement

Unit: RMB million

Items	2021	2020	%
Sales income	<b>108,616</b>	69,123	57.13
Cost of sales	<b>65,313</b>	51,171	27.64
Selling, general and administrative expenses	<b>15,115</b>	8,433	79.24
Other business income	<b>2,720</b>	10,302	-73.59
Financing cost	<b>5,319</b>	2,867	85.53
Income tax and fees	<b>5,470</b>	1,815	201.35

Reasons for changes in sales income: ① The sales income of coal business increased by RMB18.377 billion year-on-year; ② The sales income of coal chemical business increased by RMB17.969 billion year-on-year.

Reasons for changes in cost of sales: The sales cost of coal chemical business increased by RMB12.240 billion year-on-year.

Reasons for changes in selling, general and administrative expenses:

① During the reporting period, asset impairment losses increased by RMB623 million year-on-year; ② the royalties of mining rights increased by RMB1.119 billion year-on-year; and ③ R&D expenses increased by RMB600 million; ④ interest expenses increased by RMB2.062 billion year-on-year.

Reasons for changes in other business income: ① During the same period of last year, the Group obtained the control right of the Moolarben Coal Joint Venture through the acquisition of its 10% equity, which was recognized in other business income of RMB3.233 billion at fair value at one time; ② During the same period last year, the Group acquired 49.315% of equity of Future Energy and its control right, which was recognized in other business income of RMB1.664 billion at fair value at one time; ③ During the same period last year, the Group increased its invested capital into Inner Mongolia Mining and acquired its 51% equity interest, which was the recognized in profit from acquisition of RMB835 million at fair value at one time. In 2021, no such kind of business occurred.

Reasons for changes in financing cost: interest expenses increased year-on-year.

Reasons for changes in income tax and fees: the income tax and fees of the Group increased year-on-year.

## 2. Main business by industries, products, regions and sales models

Unit: RMB million

By industries	Sales income	Sales cost	Gross Profit (%)	Main business by Industries		Increase/Decrease in gross profit as compared with that of the previous year
				Increase/ Decrease in sales income as compared with that of the previous year (%)	Increase/ Decrease in sales cost as compared with that of the previous year (%)	
1. Coal business	83,797	47,101	43.79	28.09	-2.17	Increased by 17.38 percentage points
Of which: self-produced coal	67,259	31,396	53.32	55.65	17.72	Increased by 15.04 percentage points
Traded coal	16,537	15,704	5.04	-25.53	-26.87	Increased by 1.73 percentage points
2. Coal chemicals business	21,402	14,885	30.45	523.42	454.24	Increased by 8.68 percentage points
3. Power generation business	1,934	1,942	-0.40	197.33	257.00	Decreased by 16.78 percentage points
4. Other businesses	1,483	1,386	6.54	139.28	215.37	Decreased by 22.55 percentage points
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	

<b>Main business by products</b>						
<b>By products</b>	<b>Sales income</b>	<b>Sales cost</b>	<b>Gross Profit (%)</b>	<b>Increase/Decrease in sales income as compared with that of the previous year (%)</b>	<b>Increase/Decrease in sales cost as compared with that of the previous year (%)</b>	<b>Increase/Decrease in gross profit as compared with that of the previous year</b>
1. Coal	83,797	47,101	43.79	28.09	-2.17	Increased by 17.38 percentage points
Of which: self-produced coal	67,259	31,396	53.32	55.65	17.72	Increased by 15.04 percentage points
Traded coal	16,537	15,704	5.04	-25.53	-26.87	Increased by 1.73 percentage points
2. Coal chemicals	21,402	14,885	30.45	523.42	454.24	Increased by 8.68 percentage points
3. Power	1,934	1,942	-0.40	197.33	257.00	Decreased by 16.78 percentage points
4. Other	1,483	1,386	6.54	139.28	215.37	Decreased by 22.55 percentage points
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	

<b>Main business by regions</b>						
<b>By regions</b>	<b>Sales income</b>	<b>Sales cost</b>	<b>Gross Profit (%)</b>	<b>Increase/Decrease in sales income as compared with that of the previous year (%)</b>	<b>Increase/Decrease in sales cost as compared with that of the previous year (%)</b>	<b>Increase/Decrease in gross profit as compared with that of the previous year</b>
Domestic	79,998	50,526	36.84	56.83	33.73	Increased by 10.91 percentage points
Overseas	28,618	14,787	48.33	49.72	5.38	Increased by 21.74 percentage points
	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	

By sales models	Main business by sales models					Increase/Decrease in gross profit as compared with that of the previous year
	Sales income	Sales cost	Gross Profit (%)	Increase/Decrease in sales income as compared with that of the previous year (%)	Increase/Decrease in sales cost as compared with that of the previous year (%)	
Direct sales	108,616	65,313	39.87	54.89	26.05	Increased by 13.76 percentage points

### 3. Source and use of funds

In 2021, the Group's funds were mainly from operating cash income, issuance of bonds and bank loans. Funds are mainly used for operating business expenses, purchasing properties, machinery and equipment, dividends payment to Shareholders, bank loans repayment, and payment for the acquisition of assets and equity.

In 2021, the Group's capital expenditure on properties, machinery and equipment was RMB14.285 billion.

## (IV) Analysis on Assets and Liabilities

### 1. Assets and liabilities

Unit: RMB million

Items	Closing amount as at 31 December 2021	Percentage to the total assets as at 31 December 2021	Closing amount as at 31 December 2020	Percentage to the total assets as at 31 December 2020	Percentage of increase/decrease in closing amount	Notes
Bank deposit and cash	40,045	13.26	17,116	6.27	133.95	Cash inflow from operating and financing activities increased the bank deposit and cash balance.
Bills and accounts receivable	13,602	4.50	7,291	2.67	86.55	Due to the rise in coal prices, bills and accounts receivable during the settlement period increased as compared with that of the beginning of 2021.

Items	Percentage		Percentage		Percentage of increase/decrease in closing amount	Notes
	Closing amount as at 31 December 2021	to the total assets as at 31 December 2021	Closing amount as at 31 December 2020	to the total assets as at 31 December 2020		
Construction in progress	11,911	3.94	20,636	7.56	-42.28	①Ordos Neng Hua's Phase II coal chemicals project was completed so the construction in progress was recognized in property, machinery and equipment, causing a decrease in the construction in progress by RMB5.818 billion as compared with that of the beginning of 2021 ; ②Yulin Neng Hua's coal chemicals project phase II was completed and recognized in property, machinery and equipment instead of the construction in progress, causing a decrease in the construction in progress by RMB3.038 billion as compared with that of the beginning of 2021.
Prepayments and intangible assets for property, machinery and equipment	12,149	4.02	20,666	7.57	-41.21	Yingpanhao Coal Mine of Inner Mongolia Mining obtained mining license in 2021, and the relevant prepayments of mining are transferred to intangible assets accounting.
Long-term receivables due over one year	6,343	2.10	4,720	1.73	34.38	The loans issued by Yankuang Finance Company increased as compared with that of the beginning of 2021.

Items	Closing amount as at 31 December 2021	Percentage to the total assets as at 31 December 2021	Closing amount as at 31 December 2020	Percentage to the total assets as at 31 December 2020	Percentage of increase/decrease in closing amount	Notes
Contract liabilities	4,983	1.65	3,177	1.16	56.86	①Contract liabilities of the Company increased by RMB786 million compared with that of the beginning of 2021; ②Contract liabilities of Ordos Neng Hua increased by RMB233 million compared with that of the beginning of 2021; ③Contract liabilities of Shandong Zhongyin International Trade Co., Ltd. increased by RMB232 million compared with that of the beginning of 2021; ④Contract liabilities of Future Energy increased by RMB259 million compared with that of the beginning of 2021; ⑤Contract liabilities of Lunan Chemicals increased by RMB335 million compared with the beginning of 2021.
Borrowings due over one year	78,195	25.90	60,881	22.30	28.44	The borrowings due over one year of Zhongyin Financial Leasing Co., Ltd. increased by RMB1.9 billion as compared with that of the beginning of year 2021.
Holder of perpetual capital securities	8,118	2.69	5,218	1.91	55.59	The company issued new perpetual bonds during the reporting period, and the balance of perpetual bonds increased by RMB3 billion compared with that of the beginning of 2021.

## 2. Debt to equity ratio

As at 31 December 2021, the equity attributable to the shareholders of the parent company was RMB68.658 billion and the interest-bearing liabilities amounted 130.4 billion, representing a debt-to-equity ratio of 150.60%.

## II. OUTLOOK OF YEAR 2022

Looking into 2022, despite external instabilities and uncertainties, the fundamentals of Chinese economy remain unchanged and will sustain long-term growth. In 2022, the Group will focus on high-quality development, take innovation as the fundamental driving force, lead industrial development, and promote the implementation of strategic plans. In 2022, the Group plans to sell 100 million tons of self-produced coal as well as 4.92 million tons of coal chemicals.

The Group will take the following steps to reach annual operating goals.

**I. Accelerate the implementation of strategic planning.** The sub-plans for “five pillar industries” should be formulated so as to ensure the Company’s strategic planning can be put into implementation. **Mining industry:** the Company will move faster to build “four-type” mines that are safe, green, intelligent and efficient and additionally construct 5 demonstration intelligent mines of national standard; further optimize systems and equipment, and reduce deep-depth mining, development headings, workfaces and front-workers, while putting more of the existing resources to good use. The Company will also seek opportunities to acquire prime mineral resources with good development prospects and low investment costs, as part of the ongoing efforts to expand resources and capital reserves. The Company will push forward the sound operating results of the Headquarter base, Shaanxi and Inner Mongolia base and Australia base, to maximize the synergy effect at home and abroad. **High-end chemical and new materials industry:** benchmarking against the corresponding industry pacesetter companies, the Company plans to improve production processes, optimize product mix and cut back production costs. By relying on the National Engineering and Research Center of Large-scale Coal Gasification and Coal-based New Materials of Lunan Chemicals, the Company is determined to strengthen collaboration with universities and research institutions in expectation of more breakthroughs in key technology R&D featuring clean and efficient utilization of coal as well as technology commercialization. **New energy industry:** the Company will seize opportunities, take the holistic vision to facilitate capital operation, carry out M&A when needed, and increase the proportion of the new energy segment. **High-end equipment manufacturing industry:** the Company will focus on main products of high-end equipment and expand market share in the brand name of “Yankuang”; accelerate the construction of Luxi Smart Manufacturing Park, strengthen joint ventures and cooperation on strategic projects to achieve complementary advantages, resource sharing and interconnected development. **Smart logistics industry:** the Company will expedite internal resources integration and establish efficient and synergistic modern logistics system, by means of joint ventures or cooperation with leading enterprises.

**II. Strengthen the support and guarantee of operation control.** Starting from the initiatives of “two increases, three reductions and three improvements (Increase product output and the number of projects with up-to-standard output and efficiency; reduce debt-to-assets ratio, costs and the number of loss-making enterprises; improve enterprise profitability, labor productivity of all employees, and investment in sci-tech research and development)”, the Group will comprehensively enhance corporate value and lean management control ability. To increase product output and the number of projects with up-to-standard output and efficiency, the Company will speed up all approving procedures for Yingpanhao, Jinjitan, and Shilawusu coal mines, etc., so as to release advanced production capacity, intensify efforts in mine backfilling, adopt “one plant one preparation solution” when working out coal preparation technology retrofitting proposal, to ensure that every single project can achieve up-to-standard output and efficiency. To reduce the debt-to-assets ratio, costs, and decrease appropriation of funds: the Company will optimize investment portfolio, industrial positioning and business models, expand financing channels and instruments and decrease the debt-to-asset ratio. Meanwhile, the Company will further implement centralized procurement of materials and reduce the occupation of stocks funds so as to realize continuous reduction of costs. To improve enterprise profitability, labor productivity of all employees, and investment in sci-tech R&D, the Company decides to optimize production organization, perfect sales and marketing mode, and fully energize the profitability of backbone coal mines and pillar subsidiaries. The Company will do more to form a well-conceived action plan to downsize staff and increase efficiency. Strengthen the driving power of sci-tech innovation in development, the Company plans to increase R&D investment by more than 10% over the previous year.

**III. Enhance sustainability in an all-round way.** The Company will further standardize corporate governance as a listed company, improve the quality of information disclosure, and build a standard, efficient and transparent corporate governance system. The Company is working hard to formulate action plan in line with the Carbon Peaking and Carbon Neutrality. The Company will also focus on key issues such as clean and efficient utilization of coal, subsidence areas restoration, and pollution prevention and control, in addition to low-carbon technology research, model innovation, and whole-chain green production and recycling.

### III. IMPORTANT EVENTS

#### 1. Corporate Governance

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

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

The corporate governance rules implemented by the Group include, but not limited to the followings: the Articles of Association, the Rules of Procedures for Shareholders' General Meeting, the Rules of Procedures for the Board, the Rules of Procedures for Supervisory Committee, the Detailed Work Policy of the General Manager, the Work Policy of the Independent Directors, the Rules for Disclosure of Information, the Rules for the Approval and the Disclosure of Connected Transactions of the Company, the Rules for the Management of Relationships with Investors, the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders, the Rules for Monitoring and Assessment of the Implementation of the Resolutions of the Board, the Rules for Report by Directors and Supervisors Dispatched by the Company, the Rules for Management of Employees Stationed at Subsidiaries, the Standard of Conduct and Professional Ethics for Senior Employees, the Measures on the Establishment of Internal Control System and the Measures on Overall Risk Management. For the year ended 31 December 2021 and as of the disclosure date of this annual report, the corporate governance rules and practices of the Group are compliant with the principles and the code provisions set out in the Corporate Governance Code (the "Code") contained in the Hong Kong Listing Rules. The Group's corporate governance performance also meets the requirements of the Code.

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

- To actively carry forward the development of the special committees to the Board. Besides the requirement to establish the Audit Committee to the Board (the “Audit Committee”), the Remuneration Committee to the Board (the “Remuneration Committee”), the Nomination Committee to the Board (the “Nomination Committee”), the Strategy and Development Committee to the Board (the “Strategy and Development Committee”) as set out in the Code, the Company also established Sustainable Development Committee to the Board (the “Sustainable Development Committee”). All these committees were entrusted with detailed responsibilities;
- To formulate more stringent provisions in the Management System of Securities Held and Transacted by Directors, Supervisors, Senior Management and Insiders, the Standard of Conduct and Professional Ethics of the Senior Employees than those of the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”);
- To establish an internal control system in accordance with the Guidance on Corporate Self-supervision No. 1 – Standard Operation issued by the Shanghai Stock Exchange, General Rules on Internal Control jointly issued by five ministries including the Chinese Ministry of Finance and the provisions under the Code. The standards of the internal control system are more detailed than those of the Code;
- To announce the evaluation conclusions of the Board and auditors in relation to the effectiveness of internal control of the Company for the year 2021.

## **2. Repurchase, Sold or Redemption of Listed Securities of the Company**

During the reporting period, the Company or any of its subsidiaries did not repurchase, sell or redeem the Company’s listed securities.

## **3. Pledge of Assets**

As of 31 December 2021, the Group’s total borrowings amounted to RMB103.40 billion, of which RMB29.702 billion was subject to asset mortgages, accounting for 28.73% of the total borrowings.

## **4. Contingent Liabilities**

As of 31 December 2021, the Group’s contingent liabilities arising from the provision of guarantees amounted to RMB4.043 billion, an increase of RMB14 million from the beginning of the year.

## 5. Dividend

The cash dividend policy stipulated in the Articles is: “When the Company distributes the after-tax profit of the relevant accounting year, it uses two kinds of financial statements (financial statements prepared in accordance with Chinese Accounting Standards, and financial statements prepared in accordance with international or overseas listing accounting standards). The lower after-tax profit shall prevail. The Company can use cash, stocks or a combination of cash and stocks to distribute profits. When cash dividend conditions are met, cash dividends take precedence over stock dividends. When the Company distributes the profit after tax for the current year, it shall withdraw 10% of the profit and include it in the Company’s statutory reserve fund. If the accumulated amount of the Company’s statutory reserve fund is more than 50% of the Company’s registered capital, it may no longer be withdrawn. The Company distributes the final dividend once a year, and the general meeting of shareholders approves the Board of Directors to distribute the final dividend through ordinary resolutions; after review and approval by the Board of Directors and the general meeting of shareholders, the Company may distribute interim cash dividends. The accounting period for the Company to distribute cash dividends shall be no less than six months. Under the premise of ensuring the Company’s sustainable development, the Company’s profit for the current year and the accumulated undistributed profit being positive, except for major investment plans or significant cash needs, the Company’s total cash dividends distributed in the accounting year should be deducted from the Company’s current year, which is approximately 35% of the net profit after statutory reserves. When the Company is operating well, and the Board of Directors believes that the Company’s stock price does not match the Company’s share capital, and the distribution of stock dividends is beneficial to the overall interests of all shareholders of the Company and other necessary situations, it can use the form of stocks for profit distribution.”

As reviewed and approved by the Company’s second extraordinary general meeting of shareholders in 2020 held on 9 December 2020, the Company’s 2020-2024 cash dividend ratio is determined as: the total cash dividend distributed by the Company in each fiscal year should account for 50% of the Company’s net profit after the annual deduction of statutory reserves, and the cash dividend per share is not less than RMB0.50.

The Board proposed to distribute a total cash dividend of RMB2.0 per share (tax inclusive), comprised of the 2021 cash dividend of RMB1.60 per share and the special cash dividend of RMB0.40 per share (tax inclusive) to shareholders based on the total share capital on the record date of dividend distribution. This distribution plan will be submitted to the 2021 annual general meeting for consideration and the dividends will be distributed in this way to the Company’s shareholders within two months if the annual general meeting approves it. According to the Articles of Association, cash dividend will be calculated and declared in RMB.

## DEFINITIONS

### Definitions of commonly used terms

“Yankuang Energy”, “Company” or “the Company”	means	Yankuang Energy Group Company Limited (former “Yanzhou Coal Mining Company Limited”, registered a change of name as “Yankuang Energy Group Company Limited” in December 2021), a joint stock limited company incorporated under the laws of the PRC in 1997 and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“Group” or “the Group”	means	The Company and its subsidiaries;
“Heze Neng Hua”	means	Yanmei Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a 98.33% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the development and operation of coal resources and electric power business in Juye coalfield Heze City Shandong Province;
“Yulin Neng Hua”	means	Yanzhou Coal Yulin Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a wholly-owned subsidiary of the Company, which is mainly engaged in the production and operation of coal chemical projects in Shaanxi Province;
“Shanxi Neng Hua”	means	Yanzhou Coal Shanxi Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2002 and a wholly-owned subsidiary of the Company, which is mainly engaged in the management of projects invested in Shanxi Province by the Company;
“Ordos Neng Hua”	means	Yanzhou Coal Ordos Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2009 and a wholly-owned subsidiary of the Company, which is mainly engaged in the development and operation of coal resources and coal chemical projects of the Company in the Inner Mongolia Autonomous Region;

“Haosheng Company”	means	Inner Mongolia Haosheng Coal Mining Company Limited, a company with limited liability incorporated under the laws of the PRC in 2010 and a 59.38% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the production and operation of Shilawusu coal mine in Ordos, Inner Mongolia Autonomous Region;
“Inner Mongolia Mining”	means	Inner Mongolia Mining (Group) Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2013 and a 51% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the investment and management of mineral resources, coal mining and preparation, mineral products sales, import and export trade and other businesses;
“Future Energy”	means	Future Energy Chemicals Co. Ltd., a company with limited liability incorporated under the laws of the PRC in September 2011 and a 73.97% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the R & D, production and sales of industrial products, coal mining and sales, etc.
“Lunan Chemicals”	means	Yankuang Lunan Chemicals Co., Ltd., a company with limited liability incorporated under the laws of the PRC in 2007 and a wholly-owned subsidiary of the Company, which is mainly engaged in the development, production and sales of chemical products, etc.;
“Yankuang Finance Company”	means	Yankuang Group Finance Co., Ltd., a company with limited liability incorporated under the laws of the PRC in September 2010 and a 95% owned subsidiary of the Company as at the end of the reporting period;
“Yancoal Australia”	means	Yancoal Australia Limited, a company with limited liability incorporated under the laws of Australia in 2004 and a 62.26% owned subsidiary of the Company as at the end of the reporting period, the shares of which are traded on the Australian Securities Exchange and the HKEX respectively;
“Yancoal International”	means	Yancoal International (Holding) Company Limited, a company with limited liability incorporated under the laws of Hong Kong in 2011 and a wholly-owned subsidiary of the Company;
“PRC”	means	The People’s Republic of China

“Hong Kong”	means	The Hong Kong Special Administrative Region of the PRC;
“CASs” or “ASBEs”	means	Accounting Standards for Business Enterprises and the relevant regulations and explanations issued by the Ministry of Finance of the PRC;
“IFRS”	means	International Financial Reporting Standards issued by the International Accounting Standards Board;
“Hong Kong Listing Rules”	means	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“HKEX” or “Hong Kong Stock Exchange”	means	The Stock Exchange of Hong Kong Limited;
“Shanghai Stock Exchange”	means	The Shanghai Stock Exchange;
“Articles”	means	The Articles of Association of the Company;
“Shareholders”	means	The shareholders of the Company;
“Directors”	means	The directors of the Company;
“RMB”	means	Renminbi, the lawful currency of the PRC, unless otherwise specified;

by order of the Board  
**Yankuang Energy Group Company Limited\***  
**Li Wei**  
*Chairman*

Zoucheng City, Shandong Province, China  
30 March 2022

*As of the date of this announcement, the directors of the Company are Mr. Li Wei, Mr. Liu Jian, Mr. Xiao Yaomeng, Mr. Zhu Qingrui, Mr. Zhao Qingchun, Mr. Wang Ruolin and Mr. Huang Xiaolong, and the independent non-executive directors of the Company are Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang and Mr. Poon Chiu Kwok.*

\* For identification purpose only