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

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

**(Stock Code: 1171)**

**PROPOSED PARTICIPATION IN THE CAPITAL INCREASE OF  
INNER MONGOLIA MINING (GROUP) COMPANY LIMITED  
THROUGH TENDER PROCESS**

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**I. Summary of the Capital Increase**

Based on the announcement published by the Inner Mongolia Property Rights Trading Center (內蒙古產權交易中心), Inner Mongolia Mining (Group) Company Limited (內蒙古礦業(集團)有限公司) ("**Inner Mongolia Mining**") intends to introduce investors for its capital increase through a tender process. The tender price for 51% of its equity interest is no lower than RMB3,962,289,500 (the "**Capital Increase**").

To improve the industry layout of Yanzhou Coal Mining Company Limited (the "**Company**") in the Inner Mongolia-Shaan Xi Base, increase resource reserve and expand development potential, on 4 September 2020, at the third meeting of the eighth session of the board of directors of the Company (the "**Board**") held by way of telecommunication at the headquarter of the Company at Zoucheng, Shandong Province which was attended by all 10 directors of the Company (the "**Directors**"), the 10 Directors unanimously approved the proposal in relation to the Proposed Participation in the Capital Increase of Inner Mongolia Mining (Group) Company Limited and confirmed that the valuation parameters, expected returns and other important valuation basis of the valuation adopted by Pan-China Appraisal Co., Ltd (北京天健興業資產評估有限公司) in its valuation of Inner Mongolia

Mining (after divestiture) and the exploration and mining right of Yingpanhao Mines using the asset-based approach and discounted cash flow approach, respectively, were consistent with the actual situation, and the valuation results are fair and reasonable. The Board also approved the Company to (i) participate in the Capital Increase through public tender for a consideration no higher than RMB3,962,289,500; (ii) enter into the capital increase agreement and other related transaction documents with Inner Mongolia Mining and its controlling shareholder, Inner Mongolia Geological Mining (Group) Company Limited ("**Inner Mongolia Dikuang**") (內蒙古地質礦產（集團）有限責任公司) after succeeding in the tender process; when the conditions precedent are achieved after obtaining the approval from the relevant state-owned assets supervision agency, complete the tender process; (iii) submit relevant proposals in relation to guarantee or other relevant arrangements that require shareholders' approval to the shareholders' meeting in accordance with the articles of association of the Company and the listing rules of the places where the shares of the Company are listed, and (iv) authorize a director of implement procedures related to the Capital Increase, including but not limited to proceeding with negotiation, revising and finalising the transaction terms, revising and executing transaction documents, deciding whether to complete the tender process if the other parties adjusted the tender conditions, and going through external approval, registration or filing formalities.

The Capital Increase is subject to winning the bidding in the tender process and entering the capital increase agreement and other related transaction agreements (if any) with Inner Mongolia Mining and Inner Mongolia Dikuang by the Company. The Company will make the relevant announcement pursuant to the requirement of the the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in due course.

## **II. Basic Information of Inner Mongolia Mining**

Inner Mongolia Mining was incorporated in Hohhot, Inner Mongolia Autonomous Region on 2 April 2013, with Ma Lin as its legal representative and a registered capital of RMB3,428,680,000. Its registered office address is Floor 8 and 9, Inner Mongolia Geology and Mining Bureau, No.40, Tengfei South Road, Ruyi Development Zone, Hohhot. Inner Mongolia Mining is a wholly-owned subsidiary of the Inner Mongolia Dikuang and mainly engaged in investment and management of mineral resources, sale of mineral products and import and export trade, etc.

### *i. Major Financial Data*

Based on the audit conducted by Zhongxinghua Certified Public Accountant LLP, the major financial indicators of Inner Mongolia Mining (after divestiture) are as follows:

### **Consolidated Major Financial Indicators of Inner Mongolia Mining (After divestiture)**

Currency: RMB

<b>Item</b>	<b>January-October 2019</b>	<b>For the year 2018</b>	<b>For the year 2017</b>	<b>For the year 2016</b>
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<b>Revenue</b>	873,795,569.99	960,811,422.66	928,255,991.24	870,006,167.70
<b>Profit</b>	-966,177,366.25	-957,899,085.41	-822,949,988.78	-745,631,192.10
<b>Net profit</b>	-971,283,661.28	-964,327,303.36	-824,395,173.88	-746,410,612.17
<b>Item</b>	<b>As at 31 October 2019</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
<b>Total assets</b>	13,542,051,787.96	9,551,730,568.73	12,408,097,391.59	13,441,639,062.95
<b>Total liabilities</b>	16,097,582,042.45	14,022,670,628.73	15,780,999,332.33	16,698,248,357.37
<b>Net assets</b>	-2,555,530,254.49	-4,470,940,060.00	-3,372,901,940.74	-3,256,609,294.42

**Major Financial Indicators of the Parent Company of Inner Mongolia Mining (After divesture)**

Currency: RMB

<b>Item</b>	<b>January-October 2019</b>	<b>For the year 2018</b>	<b>For the year 2017</b>	<b>For the year 2016</b>
<b>Revenue</b>	0	169,575,979.79	173,021,022.65	192,733,503.13
<b>Profit</b>	-890,252,380.21	-636,067,996.45	-854,138,021.36	-758,540,435.03
<b>Net profit</b>	-890,252,380.21	-636,067,996.45	-854,138,021.36	-758,540,435.03
<b>Item</b>	<b>As at 31 October 2019</b>	<b>As at 31 December 2018</b>	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
<b>Total assets</b>	10,645,815,309.01	7,132,630,730.04	9,979,356,880.33	9,811,982,527.44
<b>Total liabilities</b>	13,542,584,378.09	11,518,261,289.33	13,741,385,451.31	13,429,873,077.06
<b>Net assets</b>	-2,896,769,069.08	-4,385,630,559.29	-3,762,028,570.98	-3,617,890,549.62

*ii. Summary of Valuation*

1. Based on the information disclosed by Inner Mongolia Mining in the tender announcement of Inner Mongolia Property Rights Trading Center, details of its assets valuation are as follows:

<b>Valuation agency:</b>	Pan-China Appraisal Co., Lid
<b>Valuation date:</b>	31 October 2019
<b>Valuation approach:</b>	Asset-based approach
<b>Valuation conclusion:</b>	The book value of total assets of Inner Mongolia Mining (after divesture) is RMB10,645,815,300, the book value of liabilities is RMB13,542,584,400, the book value of net assets is RMB-

	2,896,769,100. Based on the valuation using the asset-based approach, the total assets is RMB14,755,930,200, the liabilities is RMB13,542,584,400, the net assets is RMB1,213,345,800. The value added through the valuation is RMB4,110,114,900 and the value added rate is 141.89%.
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2. As the valuation of all interests of the shareholders of Inner Mongolia Mining (after divesture) did not include the value of the exploration and mining right of the coal resources of Yingpanhao Mines, Nalin River Mining Area, Dongsheng Coalfield, Inner Mongolia Autonomous Region, the mining right was valued separately. Details of the valuation are as follows:

<b>Valuation agency:</b>	Pan-China Appraisal Co., Lid
<b>Valuation date:</b>	31 October 2019
<b>Valuation approach:</b>	Discounted cash flow approach
<b>Valuation conclusion:</b>	The valuation value was RMB7,314,015,300.

3. Based on the results of the valuations above, the valuation value of net assets of Inner Mongolia Mining is RMB1,213,345,800, and the valuation value of the mining right of Yingpanhao Mine is RMB2,593,559,800 (excluding the first tranche of mining right assignment fees and being valuation value RMB7,314,015,300 \* percentage of resources interest 43.47%- RMB585,842,700). Thus, the valuation value of Inner Mongolia Mining is RMB3,806,905,600; the value of 51% equity interests in Inner Mongolia Mining is RMB3,962,289,500 and the tender price for the Capital Increase is no lower than RMB3,962,289,500.

### *iii. Ownership*

Inner Mongolia Mining confirmed that the Capital Increase has undergone relevant procedures, effective internal decision-making process and relevant approvals. The ownership of the interests in the tender announcement is definite and the Capital Increase is not prohibited or restricted by laws or regulations.

### **III. Requirements for Tender and Participation Arrangements**

The Company has filed its application for the Capital Increase to Inner Mongolia Property Rights Trading Center during a designated period. Pursuant to the announcement of the Capital Increase, if the Company is confirmed to be the final investor, it shall negotiate and finalise the terms of the capital increase agreement with Inner Mongolia Mining and Inner Mongolia Dikuang. After the parties reach agreement on the terms, Inner Mongolia Dikuang will issue written notice of agreement on capital increase to Inner Mongolia Property Rights Trading Center, and within three business days upon receipt of such notice, Inner Mongolia Property Rights Trading Center shall issue a written capital increase result notice to the Company and Inner Mongolia Mining. Within five business days upon receipt of such capital increase result notice, the Company shall execute the capital increase

agreement. The Company will disclose relevant information after the execution of the capital increase agreement in due course.

#### **IV. Impact of the Capital Increase on the Company**

i. The Capital Increase is conducive to the synergy advantage, mutual benefit and win-win cooperation of the Company and Inner Mongolia Mining. On the one hand, the Company can utilize the coal resources, nonferrous metal resources and the coordination platform of Inner Mongolia Mining to upgrade the industry structure of the Company; on the other hand, the Capital Increase can give full play to the Company's advantages in human resources, capital, technology, management and other aspects and to launch a batch of comprehensive demonstration projects integrating coal, coal chemicals and power generation businesses.

ii. The Capital Increase is conducive to developing the Shaanxi-Inner Mongolia Base into a strategic core base of the Company. The Capital Increase can expand the coal resources reserve of the Company in the Shaanxi-Inner Mongolia Base and improve its sustainability. The Capital Increase can strengthen the Shaanxi-Inner Mongolia Base and make it a strategic core region absorbing industries, talents and economic benefits to support the development of the Company.

iii. The Capital Increase is conducive to the absolute control of Erdos Yingpanhao Coal Co., Ltd. ("**Yingpanhao Company**"), a subsidiary of the Company. Inner Mongolia Mining owns 984.11 million tons of reserve in the Yingpanhao Coal Mine, accounting for 43.47% of the entire reserve. The Capital Increase can ensure the Company's absolute control of Yingpanhao Company and provide guarantee to resources development and project operation.

#### **V. Risks of the Capital Increase**

i. The Capital Increase is conducted in the Inner Mongolia Property Rights Trading Center in accordance with rules governing the transactions of state-owned assets, and there are uncertainties as to whether the Capital Increase can be completed. The Company will announce the progress of the Capital Increase in accordance with relevant information disclosure regulations.

ii. Inner Mongolia Mining still recorded losses as at the date of the announcement and its future profitability is subject to the corporate integration, business operation, market environment and many other factors. As the internal management system and corporate culture of Inner Mongolia Mining differ from those of the Company, there are uncertainties as to whether the two companies can integrate smoothly and achieve the expected synergy effect.

#### **VI. Documents for Inspection**

i. Resolutions passed at of the third meeting of the eighth session of the Board of Yanzhou Coal Mining Company Limited;

- ii. Independent opinion from the independent directors of the Company on the expertise and independence of the valuation agency of the capital increase of Inner Mongolia Mining (Group) Company Limited;
- iii. Auditor's report of Inner Mongolia Mining (Group) Company Limited (Zhongxinghua Shen Zi [2020] No. 012090);
- iv. Assets valuation report of Inner Mongolia Mining (Group) Company Limited (Tianxing Ping Bao Zi [2020] No. 0459);
- v. Valuation report of coal resources exploration and mining right of Yingpanhao Mines, Nalin River Mining Area, Dongsheng Coalfield, Inner Mongolia Autonomous Region (Tianxing Kuangping Zi [2020] No. 0011);
- vi. Due diligence report of Inner Mongolia Mining (Group) Company Limited and its subsidiaries prepared by Shanghai Allbright Law Office;
- vii. Legal risks evaluation report in relation to the participation in the capital increase of Inner Mongolia Mining (Group) Company Limited by Yanzhou Coal Mining Company Limited through tender process prepared by Shanghai Allbright Law Office; and
- viii. Legal Opinions in relation to the participation in the capital increase of Inner Mongolia Mining (Group) Company Limited by Yanzhou Coal Mining Company Limited through tender process prepared by Shanghai Allbright Law Office.

**The Capital Increase may or may not materialise depending on whether the Company is successful in the tender process. There is no assurance that the Capital Increase will take place or as to when it may take place. Shareholders and potential investors in the Company should exercise caution when dealing in the securities of the Company.**

By order of the Board  
**Yanzhou Coal Mining Company Limited**  
**Li Xiyong**  
*Chairman of the Board*

Zoucheng, Shandong Province, the PRC

4 September 2020

*As at the date of this announcement, the directors of the Company are Mr. Li Xiyong, Mr. Wu Xiangqian, Mr. Liu Jian, Mr. Zhao Qingchun, Mr. He Jing and Mr. Wang Ruolin, and the independent non-executive directors of the Company are Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang and Mr. Poon Chiu Kwok.*