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

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

**MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION
OF THE TARGET EQUITY INTERESTS AND TARGET ASSETS**

THE TRANSACTION

The Board is pleased to announce that, on 30 September 2020, the Company entered into the Transaction Agreement with Yankuang Group. Pursuant to the Transaction Agreement, the Company intends to acquire 49.315%, 100%, 100%, 100%, 100% and 99% equity interests in Shaanxi Future Energy, Fine Chemical, Lunan Chemical, Chemical Equipment, Trading Company and Jisan Electricity, respectively, as well as relevant assets of the Information Center held by Yankuang Group at a consideration of approximately RMB18.355 billion. The Company shall pay the consideration in cash from its own funds and self-raised funds.

LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios of the Transaction is/are more than 25% but all applicable percentage ratios are less than 100%, the Transaction constitutes a major transaction of the Company and subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Yankuang Group is the controlling shareholder of the Company. As of the date of this announcement, Yankuang Group holds directly and indirectly approximately 56.01% of the Shares of the Company. In accordance with the Listing Rules, Yankuang Group is a connected person of the Company. As one or more of the applicable percentage ratios in respect of the Transaction is/are more than 5%, the Transaction also constitutes a connected transaction of the Company and is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising all independent non-executive Directors to advise the Independent Shareholders on the Transaction. Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Transaction.

GENERAL

The Company will convene an EGM to propose relevant resolutions to seek the approval of Independent Shareholders for the major and connected transactions under the Transaction Agreement. Yankuang Group and its associates will abstain from voting on the resolution(s) to approve the Transaction Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Transaction; (ii) financial and other information on Target Companies and Target Assets; (iii) unaudited pro forma financial information on the Enlarged Group; (iv) summary of the Asset Valuation Report on each Target Companies and the Target Asset; (v) Competent Person's Report and Competent Person's Valuation Report as required by Chapter 18 of the Listing Rules; (vi) a letter from the Independent Board Committee of the Company to the Independent Shareholders in relation to the Transaction; (vii) a letter of advice from Donvex Capital to the Independent Board Committee and the Independent Shareholders; (viii) notice of EGM and (ix) other information as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 20 November 2020, which is more than 15 business days after the publication of this announcement, as more time is needed for the preparation of certain information to be included in the circular.

I. INTRODUCTION

The Board is pleased to announce that, on 30 September 2020, the Company entered into the Transaction Agreement with Yankuang Group. Pursuant to the Transaction Agreement, the Company intends to acquire 49.315%, 100%, 100%, 100%, 100% and 99% equity interests in Shaanxi Future Energy, Fine Chemical, Lunan Chemical, Chemical Equipment, Trading Company and Jisan Electricity, respectively, as well as relevant assets of the Information Center held by Yankuang Group at a consideration of approximately RMB18.355 billion. The Company shall pay the consideration in cash from its own funds and self-raised funds.

II. INFORMATION ON THE PARTIES OF THE TRANSACTION

The Company

The Company is principally engaged in the business of mining, preparation, processing and sales of coal and coal chemicals. The Company's main products are steam coal for use in large-scale power plants, coking coal for metallurgical production and prime quality low sulphur coal for use in pulverized coal injection.

Yankuang Group

Yankuang Group is a large-scale state-owned enterprise mainly engaged in the mining and trading of coal, supplemented by coal chemical industry, electromechanical equipment manufacturing, electrolytic aluminum (which is gradually transitioning to deep processing of aluminum profiles), material sales, engineering construction and other industries, of which coal business is its core business. As one of the leading enterprises in the coal industry of the PRC, Yankuang Group is a leading enterprise in the energy industry in Shandong Province.

Date of establishment: 12 March 1996

Registered capital: RMB7,769,200,000

Type: Limited liability company (state-controlled)

Scope of business: Foreign investment, management and operation with own funds; investment advisory; periodical publication; installation, opening and maintenance of cable radio and television, as well as sales of equipment; value-added telecommunication services within the approved scope of license; contracting foreign construction projects compatible with strength, scale and performance within the approved scope of the external contracting projects qualification certificate, and the provision of labor required to implement the aforementioned foreign projects; (the following operations are limited to branches only): coal mining, washing and sales; comprehensive utilization of thermal power, heating and power generation waste heat; road transportation; timber processing; installation and maintenance of water and heating pipes; restaurants and hotels; extraction and sales of water; geological prospecting, mining, smelting, processing, sales and technical services of gold, precious metal and non-ferrous metal. Advertising business; 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 and coal-fire aluminum technology development services; production and sales of construction 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; installing, maintenance and sales of electrical equipment, processing and sales of general parts and mechanical parts; sewage treatment and sales of reclaimed water; real estate development and property management; sales of daily necessities, handicrafts, metal materials and gas equipment; railway cargo (provided in the area) transportation.

As of the date of this announcement, Yankuang Group holds directly and indirectly approximately 56.01% of the Shares of the Company and is the controlling shareholder of the Company. In accordance with the Listing Rules, Yankuang Group is a connected person of the Company and the Transaction constitutes a connected transaction of the Company.

III. THE TRANSACTION

Transaction Agreement

On 30 September 2020, the Company entered into the Transaction Agreement with Yankuang Group. The principal terms of the Transaction Agreement are summarized as follows:

Date: 30 September 2020

Parties: Yankuang Group (Vendor); and
the Company (Purchaser)
(collectively referred to as “**Both Parties**”)

Transaction: According to the terms and conditions of the Transaction Agreement, the Company conditionally agreed to acquire from Yankuang Group and Yankuang Group conditionally agreed to transfer its 49.315%, 100%, 100%, 100%, 100% and 99% equity interests in Shaanxi Future Energy, Fine Chemical, Lunan Chemical, Chemical Equipment, Trading Company and Jisan Electricity, respectively, as well as relevant assets of the Information Center.

Consideration and payment method: The total consideration amounted to approximately RMB18.355 billion, and shall be paid in cash in the following manner:

1. The Company shall pay 40% of the transaction price (interest-free) to Yankuang Group in one lump sum within five Working Days after the Transaction Agreement becomes effective;
2. The Company shall pay 30% of the transaction price and the corresponding interest (the “**Corresponding Interest**”) to Yankuang Group before 30 June 2021;
3. The Company shall pay 30% of the transaction price and the Corresponding Interest to Yankuang Group within twelve months after the Transaction Agreement becomes effective.

The Corresponding Interest is calculated based on the one-year benchmark interest rate of Loan Prime Rate (“**LPR**”) (the “**LPR One-year Interest Rate**”) announced by the National Interbank Funding Center on the actual payment date of each subsequent transfer price. The calculation is from the payment date of the first tranche of transaction price to the subsequent payment date of each transaction price. The calculation period is calculated as 365 days a year.

Conditions precedent: The Transaction Agreement will take effect on the day when all the following conditions are fulfilled, and the day when the last consent or approval set out in this provision is obtained shall be the effective date:

1. The Transaction Agreement is signed by the legal representatives of Both Parties or their authorized representatives and stamped with their respective company seals;
2. All necessary consents or approvals have been obtained for the transfer of the Target Equity Interests and Target Assets, including but not limited to:
 - (1) The filing of the valuation results of the Target Companies and Target Assets with the authorized state-owned assets regulatory agencies or its authorized units;
 - (2) The authorized state-owned assets regulatory agencies or its authorized units approve the agreement relating to the transfer of the Target Equity Interests and Target Assets;
 - (3) The approval of competent internal authority(ies) of Yankuang Group;
 - (4) The approval of competent internal authority(ies) of the Company.

Closing: The Closing Date of the Target Equity Interest is the day on which each Target Company completes the registration of industrial and commercial change for its equity interests, and the Closing Date of the Target Assets is the day on which the last Target Equity Interest completes the registration of industrial and commercial change. The Closing Date of the Target Equity Interests and Target Assets shall not be later than 15 Working Days after the payment date of the first tranche of transaction price.

Both Parties shall begin the relevant procedures below for the Closing of the Target Equity Interest and Target Assets from the effective date of the Transaction Agreement, including but not limited to:

1. Yankuang Group shall transfer the relevant documents, materials and seals relating to the Target Companies and Target Assets which it holds and controls to the Company;
2. Yankuang Group procures the Target Companies to hold relevant meeting(s) in accordance with the Transaction Agreement to revise the register of members and articles of association of the Target Companies;

3. Yankuang Group procures its appointed board of directors and management of the Target Companies to transfer duties and related documents, materials and seals to the board of directors and management of the Target Companies designated by the Company;
4. Handling the registration (filing) procedures of the market supervision and management department involved in the transfer of the Target Equity Interests;
5. Handling the relevant procedures of real estate registration and transfer, intangible asset registration and transfer, fixed asset transfer, creditor's rights and debt transfer, and employee resettlement involved in the transfer of the Target Assets.

The rights and obligations corresponding to the Target Equity Interests and Target Assets will be transferred to/assumed by the Company from the Closing Date.

Profit and loss during
the transition period:

1. Yankuang Group shall be entitled to the profit and loss attributable to the Target Equity Interests and Target Assets during the transitional period; and
2. the profit and loss of Target Equity Interests and Target Assets during the transition period shall be audited by an auditing institution recognized by Both Parties, and the audit report(s) for the profit and loss during the transition period shall be issued within 30 Working Days after the end of the transition period. Among which, the determination of the closing audit benchmark date:
 - (1) If the Closing Date is before the 15th (15th inclusive) of the current month, the last day of the previous month will be the closing audit benchmark date;
 - (2) If the Closing Date is after the 15th of the current month, the last day of the current month will be the closing audit benchmark date.

Both Parties shall conduct a one-off settlement in cash within 20 Working Days after the audit institution issues the audit report for the profit and loss during the transition period of all Target Equity Interests and Target Assets.

Responsibility on default: When the Transaction Agreement becomes effective, the failure of either party to fulfil its obligations under the agreement, or any declaration, warranty or undertaking made by either party being false, is considered a breach of contract. The party in default shall compensate the non-defaulting party for all losses incurred by its breach of contract.

Without precluding the termination of the agreement by the relevant parties according to the Transaction Agreement, unless the agreement expressly stipulates, if one party suffers any reasonable costs, expenses, liabilities or losses due to the other party's breach of contract, the defaulting party shall compensate any such costs, expenses, liabilities or losses and shall indemnify the non-defaulting party from such claims. For losses caused by the non-defaulting party's own fault, negligence or omission, as well as losses or any extended losses arising due to its failure to take measures, the defaulting party shall not be liable for such losses.

Basis of determination of the Consideration

The total consideration payable by the Company to Yankuang Group under the Transaction Agreement amounted to approximately RMB18.355 billion. The consideration under the Transaction Agreement was determined after arm's length negotiations between Both Parties based on the principle of fairness and with reference to various factors including the production and operation, financial condition and future development plan of the Target Companies and Target Assets, and the result of asset valuation of the Target Companies and Target Assets.

The Company has entrusted Pan-China to prepare the Asset Valuation Report of the Target Companies and Target Assets, which will be included in the circular to be despatched to the Shareholders regarding the Transaction. Pursuant to the Asset Valuation Reports, the appraised value of each of the Target Companies and Target Assets as at 30 June 2020 is as follows:

RMB

	Target Company/Target Asset	Appraised Value of Target Company/Target Asset
1	Shaanxi Future Energy	23,937,033,251.40
2	Fine Chemical	223,624,156.19
3	Lunan Chemical	6,187,484,899.77
4	Chemical Equipment	69,641,286.66
5	Trading Company	229,903,330.02
6	Jisan Electricity	713,870,678.78
7	Information Center	119,796,238.31

The Company also entrusted BOYD to prepare the Competent Person's Report and Competent Person's Valuation Report on the valuation under the Listing Rules in respect of Jinjitan Coal Mine under Shaanxi Future Energy, which will be consolidated into a single report and included in the circular to be despatched to the Shareholders regarding the Transaction. Pursuant to the Competent Person's Valuation Report, the valuation on Jinjitan Coal Mine as of 30 June 2020 amounted to approximately RMB22,072 million.

In addition, at the general meeting of Shaanxi Future Energy held on 6 August 2020, it was agreed that the profit in a total of RMB2 billion would be distributed to all shareholders from the distributable profit as of 31 December 2019 based on the registered capital of Shaanxi Future Energy. Based on the aforementioned profit distribution and the appraised value of the Target Equity Interests and Target assets, Both Parties confirmed that the consideration of the Transaction is as follows:

		<i>RMB</i>
Target Equity Interests/ Target Asset		Consideration of Target Equity Interests/Target Asset
1	49.315% equity interests in Shaanxi Future Energy	10,818,247,947.93
2	100% equity interests in Fine Chemical	223,624,156.19
3	100% equity interests in Lunan Chemical	6,187,484,899.77
4	100% equity interests in Chemical Equipment	69,641,286.66
5	100% equity interests in Trading Company	229,903,330.02
6	99% equity interests in Jisan Electricity	706,731,971.99
7	Relevant assets of the Information Center	119,796,238.31
Total		18,355,429,830.87

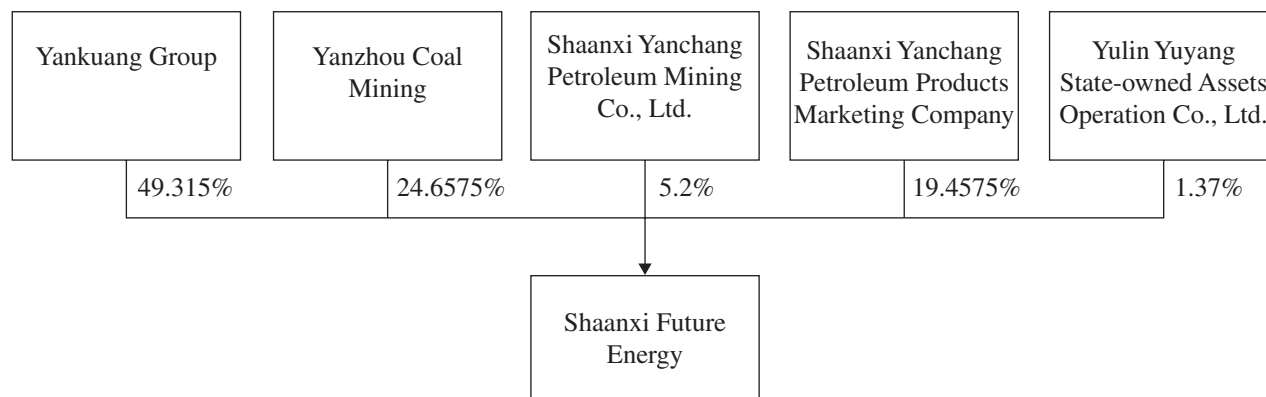
Based on the above, the Directors (excluding independent non-executive Directors, who will express their views after considering the opinions of Independent Financial Adviser) are in view of the consideration under the Transaction Agreement is fair and reasonable.

IV. BASIC INFORMATION ON TARGET COMPANIES AND TARGET ASSETS

1. Shaanxi Future Energy

Date of establishment	25 February 2011
Registered capital	RMB5.4 billion
Type	Other limited liability company
Scope of business	Research and development of chemical products and oil products; production and sales of medium paraffin, light paraffin, stable light hydrocarbons, diesel, naphtha, liquefied petroleum gas and sulfur; production and sales of electricity; mining of coal; and sales of coal, paraffin, ammonium sulfate and chemical products (except for precursors, surveillance, and hazardous chemicals).

As of the date of this announcement, the shareholding structure of Shaanxi Future Energy is as follows:



In the Transaction, the Company will acquire 49.315% equity interests in Shaanxi Future Energy held by Yankuang Group. As of the date of this announcement, the equity interests of Shaanxi Future Energy have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

The other shareholders of Shaanxi Future Energy, i.e. Shaanxi Yanchang Petroleum (Group) Co., Ltd. (“**Yanchang Petroleum**”) is a limited liability company (state-controlled) established in the PRC on 2 August 1996. Shaanxi Yanchang Petroleum Mining Co., Ltd. (“**Yanchang Mining**”) is a limited liability company (solely owned legal person invested in or controlled by a non-natural person) established in the PRC on 23 November 2009, while Yulin Yuyang State-owned Assets Operation Co., Ltd. (“**Yuyang State-owned Assets Operation Company**”) is a limited liability company established in the PRC on 12 January 2004. To the Directors’ knowledge, information and belief, and having made all reasonable enquiries, Yanchang Petroleum, Yanchang Mining, Yuyang State-owned Assets Operation Company and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Upon the completion of the Transaction, the Company shall hold 73.97% equity interests in Shaanxi Future Energy and Shaanxi Future Energy will become a subsidiary of the Company, its financial data will be consolidated into the financial statements of the Company.

Jinjitan Coal Mine

Jinjitan Mine is wholly-owned by Shaanxi Future Energy. The mine and an associated mine site coal preparation plant are located approximately 30 km northeast of Yulin City, in Shaanxi Province. This area is one of the largest coalfields in the world.

Overall, the geologic setting of the coal bearing strata underlying the Jinjitan mining rights area is judged to be simple. BOYD’s independent review of the mine operation according to JORC Code 2012 indicates that the Marketable Reserves total 309.7 Mt while In-place Resources total 982.3 Mt as of 30 June 2020. Typical coal quality features low sulfur content and high calorific value which can be used as fuel for thermal power generation and feedstock material for the coal chemical industry.

The mine is an underground fully mechanized longwall operation with an authorized output level of 15 Mtpa. Mining methods employed at Jinjitan Coal Mine are among the most advanced underground coal mining technologies in the world, and proved to be efficient and appropriate given the favorable geological and technical conditions at Jinjitan. In terms of output level in 2019, Jinjitan ranks No. 1 among Yankuang’s domestic coal mines and No. 12 among China’s underground coal mines.

Further information about Jinjitan Coal Mine will be provided in the Competent Person’s Report, which will be included as part of the circular to be despatched to the Shareholders.

2. Fine Chemical

Date of establishment	25 May 2012
Registered capital	RMB46.2 million
Type	Limited liability company (solely owned legal person invested in or controlled by a non-natural person)
Scope of business	Production and sales of fische-Tropsch synthesis catalyst, wax, sodium nitrate and potassium silicate.

In the Transaction, the Company will acquire 100% equity interests in Fine Chemical held by Yankuang Group. As of the date of this announcement, the equity interests of Fine Chemical have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

Upon the completion of the Transaction, Fine Chemical will become a wholly-owned subsidiary of the Company, and its financial data will be consolidated into the financial statements of the Company.

3. Lunan Chemical

Date of establishment	11 July 2007
Registered capital	RMB5,040,690,900
Type	Limited liability company (solely owned legal person invested in or controlled by a non-natural person)
Scope of business	Development, production and sales of: acetic acid, ethyl acetate, methyl acetate, n-butanol, isobutanol, n-butyraldehyde, isobutyraldehyde, propane, methanol, n-butyl acetate, sulfur, formaldehyde solution, liquid ammonia, ammonia solution, paraformaldehyde, acetic anhydride; urea and acetyl chemical products (validity period is subject to license); power generation; engagement in the operation of self-use equipment, raw materials, materials and packaging; production and sales of steam, polyformaldehyde, urea aqueous solution, 84 disinfectant (excluding any dangerous chemical products); catering services; accommodation services; conference and exhibition services; import and export business (excluding publications).

In the Transaction, the Company will acquire 100% equity interests in Lunan Chemical held by Yankuang Group. As of the date of this announcement, the equity interests of Lunan Chemical have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

Upon the completion of the Transaction, Lunan Chemical will become a wholly-owned subsidiary of the Company, and its financial data will be consolidated into the financial statements of the Company.

4. Chemical Equipment

Date of establishment	2 September 1989
Registered capital	RMB111,899,207
Type	Limited liability company (solely owned legal person invested in or controlled by a non-natural person)
Scope of business	Design of high-pressure vessel (single layer only), type III low- and medium-pressure vessels; manufacturing of high-pressure vessel (single layer only), type III low- and medium-pressure vessels; manufacturing and maintenance of chemical equipment and parts such as fans, tower internals and filler; manufacturing and maintenance of mine mechanical and electrical equipment and parts; and technical services.

In the Transaction, the Company will acquire 100% equity interests in Chemical Equipment held by Yankuang Group. As of the date of this announcement, the equity interests of Chemical Equipment have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

Upon the completion of the Transaction, Chemical Equipment will become a wholly-owned subsidiary of the Company, and its financial data will be consolidated into the financial statements of the Company.

5. Trading Company

Date of establishment	25 March 2008
Registered capital	RMB260,000,000
Type	Limited liability company (solely owned legal person invested in or controlled by a non-natural person)
Scope of business	Wholesale of crude benzene, methanol, ethanol, coal tar, ethyl acetate, butyl acetate, vinyl acetate, dimethyl formamide, liquid oxygen, liquid argon, liquid nitrogen, methyl ether, ethylene, formaldehyde, acetic acid, acetic anhydride, sulfur, n-butanol, benzene, aniline, calcium carbide, caustic soda, pitch, anthracene oil, naphthalene, oxazole, refined anthracene, toluene, xylene, styrene, naphtha, methyl tert-butyl ether, propylene oxide, dimethyl sulfide, ammonia water, ammonia, methyl formate, methyl acetate, propylene, acetonitrile, methylal, paraformaldehyde, methyl Amine, trimethylamine, isobutanol, ethylene oxide, acetone, washing oil, crude phenol, carbon dioxide, (di)methyl carbonate, methyl acrylate, acrylic acid, formic acid, methane, metaformaldehyde, hydroiodic acid, methyl iodide, boron trifluoride ether complex, methyl sulfonic acid, propane, isopropanol, mercury sulfate, potassium hydroxide, acetylacetone, barium chloride, cobalt chloride, sodium bisulfite, dioxolane, potassium dichromate and sodium hypochlorite solution (containing available chlorine>5%) (no storage) (operates with hazardous chemicals operating license, validity period is subject to the license); retail of fertilizer; wholesale of coal; sales of heavy oil, fuel oil, coke, lubricating oil, chemical equipment, textile raw materials, chemical raw materials and products (excluding dangerous chemical products), iron ore, nickel ore, instrumentation, cables, hardware tools, bearings, valve fittings, building materials, labor protection supplies, metals, rubber products, and copper ore; import and export of goods and technology (except for goods or technology that the state restricts or prohibits companies from operating); and warehousing services.

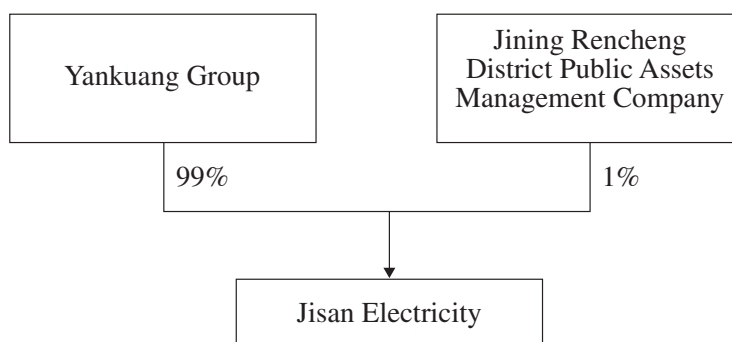
In the Transaction, the Company will acquire 100% equity interests in Trading Company held by Yankuang Group. As of the date of this announcement, the equity interests of Trading Company have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

Upon the completion of the Transaction, Trading Company will become a wholly-owned subsidiary of the Company, and its financial data will be consolidated into the financial statements of the Company.

6. Jisan Electricity

Date of establishment	31 January 2005
Registered capital	RMB430,000,000
Type	Other limited liability company
Scope of business	Heat supply operation (validity period is subject to the license); and thermal power generation (those subject to permission are operated with licenses or approval documents).

As of the date of this announcement, the shareholding structure of Jisan Electricity is as follows:



In the Transaction, the Company will acquire 99% equity interests in Jisan Electricity held by Yankuang Group. As of the date of this announcement, the equity interests of Jisan Electricity have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. It was not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

Jining Rencheng District Public Assets Management Company is an institution established in the PRC on 14 March 2013. To the Directors' knowledge, information and belief, and having made all reasonable enquiries, Jining Rencheng District Public Assets Management Company and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Upon the completion of the Transaction, Jisan Electricity will become a subsidiary of the Company, and its financial data will be consolidated into the financial statements of the Company.

7. Information Center

The Information Center is currently the functional department of Yankuang Group's informatization business, capable of providing mine informatization system development and construction and maintenance services, as well as communications, network and digital TV services.

In the Transaction, the Company will acquire the relevant assets of the Information Center, a subordinate of Yankuang Group. As of the date of this announcement, the relevant assets of the Information Center involved in the Transaction have clearly-established ownership without mortgage, pledge and any other restrictions on transfer. They were not involved in judicial proceedings such as litigation, arbitration, being sealed up or frozen, or any other circumstances that would prevent the transfer of the ownership thereof.

Upon the completion of the Transaction, the Information Center will become a subordinate department of the Company, and its financial data will be consolidated into the financial statements of the Company.

V. FINANCIAL DATA OF TARGET COMPANIES AND TARGET ASSETS

1. Shaanxi Future Energy

The unaudited major financial figures of Shaanxi Future Energy for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, prepared in accordance with the IFRS, are summarized as follows (combined data):

	<i>RMB'000</i>			
	Year ended 31 December			Six months ended 30 June
	2017	2018	2019	2020
Revenue	6,519,141	6,564,897	8,751,970	4,156,146
Profit before tax	1,980,894	1,612,119	2,821,471	1,227,871
Profit after tax	1,641,577	1,360,217	2,362,694	1,041,340
	As of 31 December			As of 30 June
	2017	2018	2019	2020
Total assets	22,035,937	20,530,322	20,048,017	20,920,765
Total liabilities	12,956,818	10,090,986	8,927,287	8,758,695
Net assets	9,079,119	10,439,336	11,120,730	12,162,070

2. Fine Chemical

The unaudited major financial figures of Fine Chemical for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, prepared in accordance with the IFRS, are summarized as follows:

	<i>RMB'000</i>			
	Year ended 31 December			Six months ended 30 June
	2017	2018	2019	2020
Revenue	184,461	189,098	219,128	83,552
Profit before tax	20,985	9,914	34,356	11,753
Profit after tax	18,167	8,282	29,250	9,846

	As of 31 December			As of 30 June
	2017	2018	2019	2020
Total assets	263,390	230,160	237,596	242,059
Total liabilities	148,016	110,949	89,136	83,751
Net assets	115,374	119,211	148,460	158,308

3. Lunan Chemical

The unaudited major financial figures of Lunan Chemical for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, prepared in accordance with the IFRS, are summarized as follows:

	<i>RMB'000</i>			
	Year ended 31 December			Six months ended 30 June
	2017	2018	2019	2020
Revenue	4,079,409	6,356,124	6,310,350	2,603,067
Profit before tax	198,107	430,114	453,733	(38,939)
Profit after tax	199,300	395,074	393,930	(50,272)

	As of 31 December			As of 30 June
	2017	2018	2019	2020
Total assets	8,534,020	8,844,461	9,419,285	9,862,658
Total liabilities	7,725,728	4,072,048	3,967,390	4,323,194
Net assets	808,292	4,772,413	5,451,895	5,539,464

4. Chemical Equipment

The unaudited major financial figures of Chemical Equipment for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, prepared in accordance with the IFRS, are summarized as follows:

	<i>RMB'000</i>			
	Year ended 31 December			Six months
	2017	2018	2019	ended 30 June
Revenue	27,539	39,189	52,907	33,555
Profit before tax	(332)	247	5,319	1,574
Profit after tax	(120)	312	1,160	1,801

	As of 31 December			As of 30 June
	2017	2018	2019	2020
Total assets	49,152	53,999	85,907	86,689
Total liabilities	121,534	126,069	34,507	33,488
Net assets	(72,382)	(72,070)	51,400	53,201

5. Trading Company

The unaudited major financial figures of Trading Company for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, prepared in accordance with the IFRS, are summarized as follows:

	<i>RMB'000</i>			
	Year ended 31 December			Six months ended 30 June
	2017	2018	2019	2020
Revenue	11,127,075	10,217,082	7,170,375	3,388,079
Profit before tax	32,803	23,235	21,584	13,510
Profit after tax	24,663	(2,826)	17,723	4,922

	As of 31 December			As of 30 June
	2017	2018	2019	2020
Total assets	1,420,427	583,517	551,486	704,417
Total liabilities	1,205,968	377,460	327,706	474,833
Net assets	214,459	206,057	223,780	229,584

6. Jisan Electricity

The unaudited major financial figures of Jisan Electricity for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, prepared in accordance with the IFRS, are summarized as follows:

	<i>RMB'000</i>			
	Year ended 31 December			Six months ended 30 June
	2017	2018	2019	2020
Revenue	428,870	455,016	429,724	171,248
Profit before tax	23,429	14,139	51,505	50,103
Profit after tax	22,651	8,754	37,812	37,306

	As of 31 December			As of 30 June
	2017	2018	2019	2020
Total assets	2,119,907	2,041,426	2,149,304	2,080,364
Total liabilities	1,618,426	1,535,876	1,605,942	1,499,588
Net assets	501,481	505,550	543,362	580,776

7. Information Center

The unaudited major financial figures of Information Center for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, prepared in accordance with the IFRS, are summarized as follows:

	<i>RMB'000</i>			
	Year ended 31 December			Six months
	2017	2018	2019	ended 30 June
				2020
Revenue	118,338	140,851	143,302	64,392
Profit before tax	37,517	37,425	20,085	16,119
Profit after tax	37,455	37,268	20,039	16,014

	As of 31 December			As of 30 June
	2017	2018	2019	2020
Total assets	262,466	265,127	262,549	259,850
Total liabilities	182,937	170,330	165,093	150,625
Net assets	79,529	94,797	97,456	109,225

VI. VALUATION OF TARGET COMPANIES AND TARGET ASSETS

1. Shaanxi Future Energy

The valuation of Shaanxi Future Energy in accordance with the “Asset Valuation Report on the Value of the Total Shareholders’ Equity of Shaanxi Future Energy & Chemicals Co., Ltd. Involved in the Proposed Acquisition of the Equity Interest in Shaanxi Future Energy & Chemicals Co., Ltd. by Yanzhou Coal Mining Company Limited” (Tian Xing Ping Bao Zi (2020) No. 1242) issued by Pan-China, which has securities and futures related business qualifications are as follows:

Valuation approaches and appraisal results

Based the benchmark date of 30 June 2020, Pan-China ultimately adopted the asset-based approach for the valuation on the total shareholders’ equity of Shaanxi Future Energy. Under the ongoing concern on 30 June 2020, being the valuation benchmark date, the value of all shareholders’ equity after appraisal of Shaanxi Future Energy is RMB23,937,033,300, with an estimated appreciation of RMB11,837,984,600 and an appreciation rate of 97.84%, and the appraisal results are as follows:

	<i>RMB0’000</i>			
Item	Book value <i>(Note)</i>	Appraised value	Changes	Appreciation rate (%)
Current assets	303,135.20	306,384.89	3,249.69	1.07
Non-current assets	1,765,001.35	2,945,550.11	1,180,548.76	66.89
Including: Long-term equity investment	6,530.00	8,361.34	1,831.34	28.05
Investment properties	2,253.02	2,658.39	405.37	17.99
Fixed assets	1,299,004.14	1,282,461.29	-16,542.85	-1.27
Construction in progress	104,857.87	93,825.64	-11,032.23	-10.52
Intangible assets	265,805.74	1,471,658.46	1,205,852.72	453.66
Others	86,550.58	86,584.99	34.41	0.04
Total assets	2,068,136.55	3,251,935.01	1,183,798.46	57.24
Current liabilities	342,774.99	342,774.99	–	–
Non-current liabilities	515,456.69	515,456.69	–	–
Total liabilities	858,231.68	858,231.68	–	–
Net assets	1,209,904.87	2,393,703.33	1,183,798.46	97.84

Note: Such book value is prepared in accordance with Chinese Accounting Standards.

Under the going concern assumption as at the valuation benchmark date, the book value of total assets, the book value of liabilities and the book value of net assets of Shaanxi Future Energy were RMB20,681,365,500, RMB8,582,316,800 and RMB12,099,048,700, respectively. Shaanxi Future Energy's total assets after appraisal by the asset-based approach were RMB32,519,350,100, liabilities were RMB8,582,316,800, net assets were RMB23,937,033,300, and the appraised appreciation was RMB11,837,984,600, representing an appreciation rate of 97.84%.

Explanatory notes on appreciation of valuation

The main reason for the appreciation of Shaanxi Future Energy valuation is the appreciation of mining rights in intangible assets, the main reason for the appreciation of mining rights is the lower cost of obtaining the original value of mining rights. In the valuation of Shaanxi Future Energy, the mining rights of Jinjitan Coal Mine are evaluated using the discounted cash flow method. The evaluated value included the economic benefits brought by the exploration and development of the mining rights and reflects the income status of the future years.

2. Fine Chemical

The valuation of Fine Chemical in accordance with the "Asset Valuation Report on the Value of the Total Shareholders' Equity of Yankuang Yuling Fine Chemical Co., Ltd. Involved in the Proposed Acquisition of the Equity Interest in Yankuang Yuling Fine Chemical Co., Ltd. by Yanzhou Coal Mining Company Limited" (Tian Xing Ping Bao Zi (2020) No. 1262) issued by Pan-China, which has securities and futures related business qualifications are as follows:

Valuation approaches and appraisal results

Based the benchmark date of 30 June 2020, Pan-China ultimately adopted the asset-based approach for the valuation on the total shareholders' equity of Fine Chemical. Under the ongoing concern on 30 June 2020, being the valuation benchmark date, the value of total shareholders' equity after appraisal of Fine Chemical is RMB223,624,200 with an estimated appreciation of RMB65,057,300 and an appreciation rate of 41.03%, and the appraisal results are as follows:

Item	Book value (Note)	Appraised value	Changes	Appreciation rate (%)
Current assets	7,765.22	8,045.19	279.97	3.61
Non-current assets	16,440.62	22,666.38	6,225.76	37.87
Including: Long-term equity investment	–	–	–	
Investment properties	–	–	–	
Fixed assets	15,127.65	21,072.16	5,944.51	39.30
Construction in progress	–	–	–	
Intangible assets	1,291.90	1,573.15	281.25	21.77
Others	21.07	21.07	–	–
Total assets	24,205.84	30,711.57	6,505.73	26.88
Current liabilities	8,331.64	8,331.64	–	–
Non-current liabilities	17.51	17.51	–	–
Total liabilities	8,349.15	8,349.15	–	–
Net assets	15,856.69	22,362.42	6,505.73	41.03

Note: Such book value is prepared in accordance with Chinese Accounting Standards.

Under the going concern assumption as at the valuation benchmark date, the book value of total assets, the book value of liabilities and the book value of net assets of Fine Chemical were RMB242,058,400, RMB83,491,500 and RMB158,566,900, respectively. Fine Chemical's total assets after appraisal by the asset-based approach were RMB307,115,700, liabilities were RMB83,491,500, net assets were RMB223,624,200, and the appraised appreciation was RMB65,057,300, representing an appreciation rate of 41.03%.

3. Lunan Chemical

The valuation of Lunan Chemical in accordance with the “Asset Valuation Report on the Value of the Total Shareholders’ Equity of Yankuang Lunan Chemical Co., Ltd. Involved in the Proposed Acquisition of the Equity Interest in Yankuang Lunan Chemical Co., Ltd by Yanzhou Coal Mining Company Limited” (Tian Xing Ping Bao Zi (2020) No. 1255) issued by Pan-China, which has securities and futures related business qualifications are as follows:

Valuation approaches and appraisal results

Based the benchmark date of 30 June 2020, Pan-China ultimately adopted the asset-based approach for the valuation on the total shareholders’ equity of Lunan Chemical. Under the ongoing concern on 30 June 2020, being the valuation benchmark date, the value of total shareholders’ equity after appraisal of Lunan Chemical is RMB6,187,484,900, with an estimated appreciation of RMB645,498,100 and an appreciation rate of 11.65%, and the appraisal results are as follows:

	<i>RMB0’000</i>			
Item	Book value <i>(Note)</i>	Appraised value	Changes	Appreciation rate (%)
Current assets	255,241.72	255,665.54	423.82	0.17
Non-current assets	731,024.02	794,012.87	62,988.85	8.62
Including: Long-term equity investment	–	–	–	
Investment properties	–	–	–	
Fixed assets	438,685.65	465,954.04	27,268.39	6.22
Construction in progress	78,659.71	79,799.22	1,139.51	1.45
Intangible assets	52,073.40	86,254.68	34,181.28	65.64
Others	161,605.26	162,004.93	399.67	0.25
Total assets	986,265.74	1,049,678.41	63,412.67	6.43
Current liabilities	369,334.04	369,334.04	–	–
Non-current liabilities	62,733.02	61,595.88	-1,137.14	-1.81
Total liabilities	432,067.06	430,929.92	-1,137.14	-0.26
Net assets	554,198.68	618,748.49	64,549.81	11.65

Note: Such book value is prepared in accordance with Chinese Accounting Standards.

Under the going concern assumption as at the valuation benchmark date, the book value of total assets, the book value of liabilities and the book value of net assets of Lunan Chemical were RMB9,862,657,400, RMB4,320,670,600 and RMB5,541,986,800, respectively. Lunan Chemical's total assets after appraisal by the asset-based approach were RMB10,496,784,100, liabilities were RMB4,309,299,200, net assets were RMB6,187,484,900, and the appraised appreciation was RMB645,498,100, representing an appreciation rate of 11.65%.

4. Chemical Equipment

The valuation of Chemical Equipment in accordance with the "Asset Valuation Report on the Value of the Total Shareholders' Equity of Shareholders of Yankuang Jining Chemical Equipment Co., Ltd. Involved in the Proposed Acquisition of the Equity Interest in Yankuang Jining Chemical Equipment Co., Ltd. by Yanzhou Coal Mining Company Limited" (Tian Xing Ping Bao Zi (2020) No. 1252) issued by Pan-China, which has securities and futures related business qualifications are as follows:

Valuation approaches and appraisal results

Based the benchmark date of 30 June 2020, Pan-China ultimately adopted the asset-based approach for the valuation on the total shareholder' equity of Chemical Equipment. Under the ongoing concern on 30 June 2020, being the valuation benchmark date, the value of total shareholders' equity after appraisal of Chemical Equipment is RMB69,641,300, with an estimated appreciation of RMB16,265,000 and an appreciation rate of 30.47%, and the appraisal results are as follows:

	<i>RMB0'000</i>			
Item	Book value (Note)	Appraised value	Changes	Appreciation rate (%)
Current assets	4,998.88	5,063.47	64.59	1.29
Non-current assets	3,670.11	5,232.02	1,561.91	42.56
Including: Long-term equity investment	-	-	-	
Investment properties	-	-	-	
Fixed assets	2,548.29	3,664.32	1,116.03	43.80
Construction in progress	-	-	-	
Intangible assets	314.13	1,153.86	839.73	267.32
Others	807.69	413.84	-393.85	-48.76
Total assets	8,668.99	10,295.49	1,626.50	18.76
Current liabilities	2,871.66	2,871.66	-	-
Non-current liabilities	459.70	459.70	-	-
Total liabilities	3,331.36	3,331.36	-	-
Net assets	5,337.63	6,964.13	1,626.50	30.47

Note: Such book value is prepared in accordance with Chinese Accounting Standards.

Under the going concern assumption as at the valuation benchmark date, the book value of total assets, the book value of liabilities and the book value of net assets of Chemical Equipment were RMB86,689,900, RMB33,313,600 and RMB53,376,300, respectively. Chemical Equipment's total assets after appraisal by the asset-based approach were RMB102,954,900; liabilities were RMB33,313,600; net assets were RMB69,641,300, and the appraised appreciation was RMB16,265,000, representing an appreciation rate of 30.47%.

5. Trading Company

The valuation of Trading Company in accordance with the "Asset Valuation Report on the Value of the Total Shareholders' Equity of Shareholders of Yankuang Coal Chemicals International Trading Co., Ltd. Involved in the Proposed Acquisition of the Equity Interest in Yankuang Coal Chemicals International Trading Co., Ltd. by Yanzhou Coal Mining Company Limited" (Tian Xing Ping Bao Zi (2020) No. 1254) issued by Pan-China, which has securities and futures related business qualifications are as follows:

Valuation approaches and appraisal results

Based the benchmark date of 30 June 2020, Pan-China ultimately adopted the asset-based approach for the valuation on the total shareholders' equity of Trading Company. Under the ongoing concern on 30 June 2020, being the valuation benchmark date, the value of total shareholders' equity after appraisal of Trading Company is RMB229,903,400, with an estimated appreciation of RMB319,300 and an appreciation rate of 0.14%, and the appraisal results are as follows:

	<i>RMB0'000</i>			
Item	Book value (Note)	Appraised value	Changes	Appreciation rate (%)
Current assets	69,932.00	69,932.00	–	–
Non-current assets	509.63	541.56	31.93	6.27
Including: Long-term equity				
investment	–	–	–	
Investment properties	–	–	–	
Fixed assets	27.38	59.31	31.93	116.62
Construction in progress	–	–	–	
Intangible assets	–	–	–	
Others	482.25	482.25	–	–
Total assets	70,441.63	70,473.56	31.93	0.05
Current liabilities	46,826.25	46,826.25	–	–
Non-current liabilities	656.97	656.97	–	–
Total liabilities	47,483.22	47,483.22	–	–
Net assets	22,958.41	22,990.34	31.93	0.14

Note: Such book value is prepared in accordance with Chinese Accounting Standards.

Under the going concern assumption as at the valuation benchmark date, the book value of total assets, the book value of liabilities and the book value of net assets of Trading Company were RMB704,416,300, RMB474,832,200 and RMB229,584,100, respectively. Trading Company's total assets after appraisal by the asset-based approach were RMB704,735,600; liabilities were RMB474,832,200; net assets were RMB229,903,400, and the appraised appreciation was RMB319,300, representing an appreciation rate of 0.14%.

6. Jisan Electricity

The valuation of Jisan Electricity in accordance with the "Asset Valuation Report on the Value of the Total Shareholders' Equity of Shareholders of Shandong Yankuang Jisan Electricity Co., Ltd. Involved in the Proposed Acquisition of the Equity Interest in Shandong Yankuang Jisan Electricity Co., Ltd. by Yanzhou Coal Mining Company Limited" (Tian Xing Ping Bao Zi (2020) No. 1247) issued by Pan-China, which has securities and futures related business qualifications are as follows:

Valuation approaches and appraisal results

Based the benchmark date of 30 June 2020, Pan-China ultimately adopted the asset-based approach for the valuation on the total shareholders' equity of Jisan Electricity. Under the ongoing concern on 30 June 2020, being the valuation benchmark date, the value of total shareholders' equity after appraisal of Jisan Electricity is RMB713,870,700, with an estimated appreciation of RMB133,095,600 and an appreciation rate of 22.92%, and the appraisal results are as follows:

	<i>RMB0'000</i>			
Item	Book value <i>(Note)</i>	Appraised value	Changes	Appreciation rate (%)
Current assets	159,410.98	159,410.98	–	–
Non-current assets	48,625.54	61,935.10	13,309.56	27.37
Including: Long-term equity investment	–	–	–	–
Fixed assets	46,903.43	57,928.93	11,025.50	23.51
Intangible assets	1,722.11	4,006.17	2,284.06	132.63
Total assets	208,036.52	221,346.08	13,309.56	6.40
Current liabilities	81,020.53	81,020.53	–	–
Non-current liabilities	68,938.48	68,938.48	–	–
Total liabilities	149,959.01	149,959.01	–	–
Net assets	58,077.51	71,387.07	13,309.56	22.92

Note: Such book value is prepared in accordance with Chinese Accounting Standards.

Under the going concern assumption as at the valuation benchmark date, the book value of total assets, the book value of liabilities and the book value of net assets of Jisan Electricity were RMB2,080,365,200, RMB1,499,590,100 and RMB580,775,100, respectively. Jisan Electricity's total assets after appraisal by the asset-based approach were RMB2,213,460,800, liabilities were RMB1,499,590,100, net assets were RMB713,870,700, and the appraised appreciation was RMB133,095,600, representing an appreciation rate of 22.92%.

7. Information Center

The valuation of Information Center in accordance with the “Market Value of the Relevant Assets and Liabilities of the Information Center of Yankuang Group Company Limited Involved in the Proposed Acquisition of the Asset Group of the Information Center of Yankuang Group Company Limited by Yanzhou Coal Mining Company Limited” (Tian Xing Ping Bao Zi (2020) No. 1258) issued by Pan-China, which has securities and futures related business qualifications are as follows:

Valuation approaches and appraisal results

Based the benchmark date of 30 June 2020, Pan-China ultimately adopted the asset-based approach for the valuation on the total shareholders' equity of Information Center. Under the ongoing concern on 30 June 2020, being the valuation benchmark date, the value of relevant assets and liabilities after appraisal of Jisan Electricity is RMB119,796,200, with an estimated appreciation of RMB9,973,900 and an appreciation rate of 9.08%, and the appraisal results are as follows:

	<i>RMB0'000</i>			
Item	Book value (Note)	Appraised value	Changes	Appreciation rate (%)
Current assets	18,986.13	18,982.38	-3.75	-0.02
Non-current assets	6,998.93	7,897.24	898.31	12.83
Including: Long-term equity investment	-	-	-	
Investment properties	-	-	-	
Fixed assets	6,759.83	7,389.35	629.52	9.31
Construction in progress	-	-	-	
Intangible assets	239.10	507.89	268.79	112.42
Others	-	-	-	
Total assets	25,985.06	26,879.62	894.56	3.44
Current liabilities	14,151.78	14,151.78	-	-
Non-current liabilities	851.05	748.22	-102.83	-12.08
Total liabilities	15,002.83	14,900.00	-102.83	-0.69
Net assets	10,982.23	11,979.62	997.39	9.08

Note: Such book value is prepared in accordance with Chinese Accounting Standards.

Under the going concern assumption as at the valuation benchmark date, the book value of total assets, the book value of liabilities and the book value of net assets of Information Center were RMB259,850,600, RMB150,028,300 and RMB109,822,300, respectively. Information Center's total assets after appraisal by the cost approach were RMB268,796,200; liabilities were RMB149,000,000; net assets were RMB119,796,200, and the appraised appreciation was RMB9,973,900, representing an appreciation rate of 9.08%.

VII. OTHER ARRANGEMENTS RELATING TO THE TRANSACTION

Upon the Closing, the employees of the Information Center shall be resettled in accordance with the principle of "people go with the assets". Except for the Information Center, the labor contract relationship of the employees of other Target Companies will not be changed due to the Transaction. In addition, the Transaction does not involve other personnel placement issues.

VIII. CONTINUING CONNECTED TRANSACTION

Currently, there are transactions between the Group, Yankuang Group and its associates and certain Target Group and Target Assets. Subsequent to the completion of the Transaction, Target Companies will become subsidiaries of the Company, and the Target Assets will become a subordinate department of the Company. Therefore, the connected transactions between the Target Group, Target Assets and the Group will be eliminated. Existing transactions between the Target Group, Target Assets and Yankuang Group and its associates will become newly added continuing connected transactions of the Company.

As soon as reasonably practicable, the Company will promptly examine the status and scale of the continuing connected transactions between the Target Group, Target Assets and Yankuang Group and its associates, and issue announcements and seek the approval of Independent Shareholders (if needed) in accordance with the provisions under Chapter 14A of the Listing Rules. If the continuing connected transactions require the approval of Independent Shareholders, it will be subject to obtaining the approval from Independent Shareholders.

IX. BENEFITS OF AND REASONS FOR THE TRANSACTION

Through the Transaction, the Company can realize the integration of the coal chemical business segment under Yankuang Group and extend the industrial chain, while optimizing the core business of the Company to strengthen the Company's profitability as well as anti-risk capabilities, and enhance the value of the Company and Shareholders' returns.

The Transaction is beneficial to the Company in obtaining quality coal chemicals and electricity assets, consolidating the Company's coal chemicals and electricity businesses development advantages, extending the industrial chain to realize the coordinated development of the business, and further enhance the Company's sustainable profitability and core competitiveness, which is in line with the Company's development strategies and the interest of the Shareholders as a whole. The Transaction is entered into based on normal commercial terms, the pricing of which is fair and reasonable, and it will not adversely affect the Company's current and future financial position and operating results.

Upon Closing, the Company's scope of consolidation will also include the Target Group and Target Assets. The Transaction will increase the total assets of the Company, increase the operating income of the Company, enable synergy and economy of scale, improve the overall operating performance and profitability through the extension of the industrial chain, strengthen the Company's sustainability and anti-risk capability, which is beneficial in protecting the Shareholders' interests.

X. FINANCIAL IMPACT OF THE TRANSACTION

Upon Closing, the Target Companies and Target Assets will become subsidiaries and subordinated department of the Company, the financial information of the Target Group and Target Assets will be consolidated into the Group's accounts. The unaudited pro forma financial information of the Enlarged Group (to illustrate the impact of the acquisition of the Target Companies and Target Assets (as if the Transaction had occurred on 30 June 2020)) will be included in the circular to be dispatched to the Shareholders.

Assets and liabilities

Based on the latest published Annual Report of the Group for the year ended 31 December 2019 and based on the unaudited financial statements of the Target Companies and Target Assets, prepared in accordance with IFRS, information of the assets and liabilities as at 31 December 2019 are summarized as follows:

	Total assets	Total liabilities	Net assets
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
1 The Group	210,760,571	125,411,966	85,348,605
2 Shaanxi Future Energy	20,048,017	8,927,287	11,120,730
3 Fine Chemical	237,596	89,136	148,460
4 Lunan Chemical	9,419,285	3,967,391	5,451,894
5 Chemical Equipment	85,907	34,507	51,400
6 Trading Company	551,486	327,706	223,780
7 Jisan Electricity	2,149,303	1,605,942	543,361
8 Information Center	262,549	165,093	97,456

Information regarding the unaudited pro forma consolidated total assets, total liabilities and net assets of the Enlarged Group, prepared based on the pro forma financial information of the Enlarged Group in accordance with IFRS and taking into account the Transaction had occurred on 30 June 2020, will be set out in the circular to be dispatched to the Shareholders.

XI. POTENTIAL RISKS AND COUNTER MEASURES SUBSEQUENT TO THE COMPLETION OF THE TRANSACTION

1. Macroeconomic and Industry Fluctuation Risks

The industries which the Target Companies belonged to is cyclical, and its production, operation and development prospects are affected to a certain extent by macroeconomics, industry policies, industry cycles and fluctuations. The production and operation activities of the Target Companies such as chemical production and operation, development, transformation and sales of coal resources, as well as power production and sales may be affected by laws and regulations announced or implemented from time to time by the country and the location of the Target companies.

The Company will pay close attention to national policies and macroeconomic trends as well as industry policy changes and fluctuations, grasp the guidance of macro-control policies, actively adjust business plans, product structure and market structure, and enhance the Target Companies' overall anti-risk ability and market competitiveness. At the same time, the Company will promptly negotiate and discuss plans with Yankuang Group on industry policy changes that may affect certain Target Companies.

2. Integration Risks of Target Companies

Upon the completion of the Transaction, the Company will integrate with the Target Companies and the Target Assets in aspects such as business system, organizational structure, management system, financial management and information technology to play a synergistic effect. In the case which the integration effect of the Company after the acquisition is lower than expected, it will have a certain impact on the effect of the Transaction.

From the perspective of business operation and resource allocation, the Company will actively build and manage the business, assets, finance, personnel, organization, and management model of the Target Companies and the Target Assets, and strive to reduce the integration risk of the Transaction and exert the synergistic effect of the Transaction.

XII. APPROVAL FROM THE BOARD

The Transaction was considered and approved at the fifth meeting of the eighth session of the Board of the Company on 30 September 2020. Li Xiyong and Wu Xiangqian, the related Directors of the Company, abstained from voting on the resolutions relating to the Transaction, and the non-related Directors voted thereof. The Board of the Company are of the view that the Transaction Agreement is fair and reasonable, and is entered into on normal commercial terms or better, and in the interests of the Company and Shareholders as a whole.

XIII. LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios of the Transaction is/are more than 25% but all applicable percentage ratios are less than 100%, the Transaction constitutes a major transaction of the Company and subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Yankuang Group is the controlling shareholder of the Company. As of the date of this announcement, Yankuang Group holds directly and indirectly approximately 56.01% of the Shares of the Company. In accordance with the Listing Rules, Yankuang Group is a connected person of the Company. As one or more of the applicable percentage ratios in respect of the Transaction is/are more than 5%, the Transaction also constitutes a connected transaction of the Company and is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

XIV. CONFIRMATION IN RESPECT OF THE PROFIT FORECAST

As mentioned in this announcement, Pan-China has been appointed to evaluate the market value of Shaanxi Future Energy. In the valuation of Shaanxi Future Energy, the assessment of the mining right of the Jinjitan Coal Mine was prepared based on income approach (the "**Jinjitan Coal Mine Profit Forecast**") and therefore constitutes a profit forecast under Rule 14.61 of the Listing Rules. As such, the requirements under Rules 14.60A and 14.62 of the Listing Rules are applicable.

In accordance with Rule 14.62(2) of the Listing Rules, the Company has engaged Crowe to report on the calculations of the discounted future cash flow under the Jinjitan Coal Mine Profit Forecast. Crowe has reviewed the calculation of discounted future cash flows used in the valuation (not involving the adoption of accounting policies).

Crowe has reported to the Directors that, so far as the calculations of the discounted future estimated cash flows on which the valuation of the mining rights of Jinjitan Coal Mine was based as concerned, the discounted future estimated cash flow has been properly compiled in all material aspects in accordance with the assumptions made. The work performed by Crowe has not reviewed, considered or conducted any work on the appropriateness and validity of the basis and assumptions and Crowe has not given any opinion on the appropriateness and validity of the basis and assumptions on which the discounted future estimated cash flows, and thus the Jinjitan Coal Mine Profit Forecast, are based.

The Directors have reviewed the basis and assumptions on which the Shaanxi Future Energy asset valuation report on the Jinjitan Coal Mine Profit Forecast prepared by Pan-China is based on. The Directors have also considered the report by Crowe. Based on the foregoing, the Directors have confirmed that they are satisfied that the valuation of the mining rights of Jinjitan Coal Mine has been made after due and careful enquiry.

The report from Crowe for the purpose of Rule 14.62(2) of the Listing Rules on the Jinjitan Coal Mine Profit Forecast is set out in Appendix II to this announcement. The letter from the Board of the Company for the purpose of Rule 14.62(3) of the Listing Rules on the Jinjitan Coal Mine Profit Forecast is set out in Appendix III to this announcement.

To the Directors' knowledge, information and belief, having made all reasonable enquiries, Pan-China is a third party independent of the Company and its connected persons.

EXPERTS AND CONSENTS

The following is the qualification of the expert who has given opinion or advice contained in this announcement:

Name	Qualification
Pan-China Assets Appraisal Co., Ltd.	Qualified independent valuer in the PRC
Crowe (HK) CPA Limited	Hong Kong Certified Public Accountant

To the Directors' knowledge and belief, as at the date of this announcement, the above experts are not beneficially interested in the Company and its subsidiaries nor do they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company and its subsidiaries.

As at the date of this announcement, the above experts did not have any direct or indirect interest in any assets which have since 31 December 2019 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

Each of the experts mentioned above has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter, report or statement(s) and all references to its name and logo in the form and context in which it appears.

XV. INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has established an Independent Board Committee comprising all independent non-executive Directors to advise the Independent Shareholders on the Transaction. Donvex Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Transaction.

XVI. GENERAL

The Company will convene an EGM to propose relevant resolutions to seek the approval of Independent Shareholders for the major and connected transactions under the Transaction Agreement. Yankuang Group and its associates will abstain from voting on the resolution(s) to approve the Transaction Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information on the Transaction; (ii) financial and other information on Target Companies and Target Assets; (iii) unaudited pro forma financial information on the Enlarged Group; (iv) summary of the Asset Valuation Report of each Target Companies and Target Asset; (v) Competent Person's Report and Competent Person's Valuation Report as required by Chapter 18 of the Listing Rules; (vi) a letter from the Independent Board Committee of the Company to the Independent Shareholders in relation to the Transaction; (vii) a letter of advice from Donvex Capital to the Independent Board Committee and the Independent Shareholders; (viii) notice of EGM and (ix) other information as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 20 November 2020, which is more than 15 business days after the publication of this announcement, as more time is needed for the preparation of certain information to be included in the circular.

XVII. DEFINITIONS

“A Share(s)”	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Asset Valuation Report(s)”	the asset valuation report on each of the Target Companies and Target Assets prepared by Pan-China Assets Appraisal Co., Ltd., individually or collectively (as the case may be), for inclusion in the circular to be despatched to the Shareholders in relation to the Transaction
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“BOYD”	John T. BOYD, the competent person appointed by the Company for the preparation of the Competent Person's Report and the Competent Person's Valuation Report

“Chemical Equipment”	Yankuang Jining Chemical Equipment Co., Ltd. (兗礦濟寧化工裝備有限公司)
“Company”	Yanzhou Coal Mining Company Limited (兗州煤業股份有限公司), a joint stock limited company established under the laws of 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
“Competent Person”	a person satisfying the requirements of Rules 18.21 to 18.23 of the Listing Rules
“Competent Person’s Report”	the Competent Person’s Valuation Report on Jinjitan Coal Mine issued by BOYD in accordance with the requirements under Chapter 18 of the Listing Rules for inclusion in the circular to be dispatched by the Company to the Shareholders in relation to the Transaction
“Competent Person’s Valuation Report”	the Competent Person’s Report on Jinjitan Coal Mine issued by BOYD in accordance with the requirements under Chapter 18 of the Listing Rules for inclusion in the circular to be dispatched by the Company to the Shareholders in relation to the Transaction
“Closing”	closing of the Transaction
“Closing Date”	date of Closing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Crowe”	Crowe (HK) CPA Limited
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting to be convened by the Company to consider and approve, among other things, the Transaction Agreement and the transactions contemplated thereunder

“Enlarged Group”	the Group as enlarged through completion of the Transaction
“Fine Chemical”	Yankuang Yuling Fine Chemical Co., Ltd. (兗礦榆林精細化工有限公司)
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign invested shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Independent Board Committee”	the board committee comprising all the independent non-executive Directors who are independent in relation to the Transaction Agreement and the transactions contemplated thereunder, which is set up to consider the Transaction Agreement and the transaction contemplated thereunder
“Independent Financial Adviser” or “Donvex Capital”	Donvex Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, which is appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholder(s) on the Transaction Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	shareholder(s) other than Yankuang Group and its associates, who are neither involved nor interested in the Transaction Agreement and the transactions contemplated thereunder
“Information Center”	Yankuang Group Information Center
“Jisan Electricity”	Shandong Yankuang Jisan Electricity Co., Ltd. (山東兗礦濟三電力有限公司)
“Jinjitan Coal Mine”	Jinjitan Mine, which is wholly-owned by Shaanxi Future Energy

“JORC Code 2012”	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Lunan Chemical”	Yankuang Lunan Chemical Co., Ltd (兗礦魯南化工有限公司)
“Mtpa”	million tonnes per annum
“Pan-China”	Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司)
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Future Energy”	Shaanxi Future Energy & Chemicals Co., Ltd. (陝西未來能源化工有限公司)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Trading Company”	Yankuang Coal Chemicals International Trading Co., Ltd. (兗礦煤化供銷有限公司)
“Target Assets”	relevant assets of Yankuang Group Information Center (兗礦集團信息化中心)
“Target Company(ies)”	Shaanxi Future Energy, Fine Chemical Equipment, Lunan Chemical, Chemical Equipment, Trading Company and Jisan Electricity, individually or collectively (as the case may be)

“Target Equity Interests”	the 49.315%, 100%, 100%, 100%, 100% and 99% equity interests in Shaanxi Future Energy, Fine Chemical, Lunan Chemical, Chemical Equipment, Trading Company and Jisan Electricity, respectively, held by Yankuang Group
“Target Group”	Shaanxi Future Energy, Fine Chemical Equipment, Lunan Chemical, Chemical Equipment, Trading Company, Jisan Electricity and their respective subsidiaries (if applicable)
“Transaction”	transaction in the acquisition of the Target Equity Interests and the Target Assets contemplated under the Transaction Agreement
“Transaction Agreement”	the equity interests and assets transfer agreement dated 30 September 2020 entered into between Yankuang Group and the Company in relation to the acquisition of the entire interest in the Target Equity Interests and the Target Assets by the Company from Yankuang Group
“Working Day(s)”	any day except Saturday, Sunday and statutory holiday(s) in the PRC
“Yankuang Group”	Yankuang Group Company Limited (兗礦集團有限公司), a state-controlled limited liability company and the controlling shareholder of the Company holding directly or indirectly approximately 56.01% of the total issued share capital of the Company as at the date of the announcement
“%”	per cent

The data set out in this announcement may be slightly different from the result calculated based on the relevant individual data presented in this announcement due to rounding.

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

Zoucheng, Shandong, the PRC
30 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.

APPENDIX I

(Basis and Assumptions Set Out in the Jinjitan Coal Mine Profit Forecast)

Set out below in the information in relation to the Jinjitan Coal Mine Profit Forecast:

BASIS AND ASSUMPTIONS

- (I) The degree of geological survey work as well as the internal and external conditions of the valuation target remain the same as current status without significant changes;
- (II) To determine the technical and economic parameters for the Valuation based on the principle of balanced production and sales, and the principle of average social productivity;
- (III) The relevant laws, regulations, policies and systems abided remain the same as status quo without significant changes, while the relevant social, political, economic environment, and development technologies and conditions followed are still as the status quo without significant changes;
- (IV) Continuous operation based on the based on the set resource reserves, production methods, production scale, product structure, development technology level as well as the market supply and demand levels;
- (V) There will be no major changes in product prices, costs, tax rates, interest rates and other factors in the future mine development revenue period during the forecast period;
- (VI) No consideration on the impact of mortgages, guarantees, and other rights that may be assumed in the future, or any other restrictive factors on property rights, and the additional price that a special transaction party may pay, etc., on its assessed value;
- (VII) There is no significant impact caused by other force majeure and unforeseen factors.

APPENDIX II

(Full Text of the Report Issued by the Accountant on the Jinjitan Coal Mine Profit Forecast)

INDEPENDENT ASSURANCE REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE MINING RIGHTS OF JINJITAN COAL MINE OWNED BY SHAANXI FUTURE ENERGY & CHEMICALS CO., LTD.

TO THE DIRECTORS OF YANZHOU COAL MINING COMPANY LIMITED

We have reviewed the calculations of the discounted future estimated cash flows on which the valuation report prepared by Pan-China Assets Appraisal Co., Ltd. (Tian Xing Ping Bao Zi (2020) No. 1242), of the mining rights owned by Shaanxi Future Energy & Chemicals Co., Ltd. (the “**Shaanxi Future Energy**”) (the “**Valuation**”) is based.

The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement dated 30 September 2020 to be issued by Yanzhou Coal Mining Company Limited (the “**Company**”) in connection with the major and connected transaction in relation to the acquisition of the 49.315% equity interest in Shaanxi Future Energy (the “**Announcement**”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. We reviewed the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of Shaanxi Future Energy.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong

30 September 2020
Chung Wai Chuen Alfred
Practising Certificate Number: P05444

APPENDIX III

(Full text of the Letter from the Board on the Jinjitan Coal Mine Profit Forecast)



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

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

To the Shareholders,

RE: MAJOR AND CONNECTED TRANSACTION – ACQUISITION OF THE TARGET EQUITY INTERESTS AND TARGET ASSETS

Reference is made to the asset valuation report prepared by Pan-China Assets Appraisal Co., Ltd. (“**Pan-China**”) regarding the valuation of Shaanxi Future Energy & Chemicals Co., Ltd. (“**Shaanxi Future Energy**”) as at 30 June 2020 (the “**Valuation**”) to determine the market value of Shaanxi Future Energy on 31 August 2020 (the “**Asset Valuation Report**”). In the valuation of Shaanxi Future Energy, the assessment of the mining right of Jinjitan Coal Mine is prepared in accordance with the income method (the “**Jinjitan Coal Mine Profit Forecast**”) and therefore constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have reviewed and considered the Jinjitan Coal Mine Profit Forecast, including the basis and assumptions on which the forecast is based, and reviewed and considered the valuation undertaken by Pan-China. We have also taken into account the report prepared by Crowe (HK) CPA Limited, which confirms that in terms of the calculation method related to the estimated discounted future cash flow, all material aspects of the estimated discounted future cash flow have been properly prepared in accordance with the basis and assumptions set out in the Asset Valuation Report. It comes to our attention that the calculation of the Jinjitan Coal Mine Profit Forecast in the valuation is accurate.

Based on the above, we are of the view that the Asset Valuation Report of Shaanxi Future Energy on Jinjitan Coal Mine Profit Forecast prepared by Pan-China has been prepared after due and careful enquiry.

Yours faithfully,
By order of the Board
Yanzhou Coal Mining Company Limited
Zhao Qingchun
Director

30 September 2020