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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: 01171)

**ANNOUNCEMENT ON
CAPITAL INCREASE IN YANKUANG FINANCE COMPANY**

This announcement is made pursuant to the disclosure obligations under 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 transaction

As approved by the fifteenth meeting of the eighth session of the board of directors (the "**Board**") of Yanzhou Coal Mining Company Limited (the "**Company**") held at 27 August 2021, the Company entered into the Agreement (the "**Agreement**") on the Capital Increase in Yankuang Group Finance Co., Ltd ("**Yankuang Finance Company**") with Shandong Energy Group Co., Ltd ("**Shandong Energy**") and Yankuang Finance Company. As of the date of this announcement, Yankuang Finance Company is held as to 95% by the Company and as to 5% by Shandong Energy. Pursuant to the Agreement, the Company and Shandong Energy will increase the registered capital of Yankuang Finance Company in proportion to their respective shareholding interest in Yankuang Finance Company in cash (the "**Capital Increase**").

The consideration of the Capital Increase was determined with reference to the latest audited net asset value of Yankuang Finance Company. The Company shall contribute the consideration of RMB1,911.495 million, among which RMB1,425 million will be accounted as the registered capital of Yankuang Finance Company and the remaining amount will be accounted as its capital reserve; Shandong Energy shall contribute the consideration of RMB100.605 million, among which RMB75 million will be accounted as the registered capital of Yankuang Finance Company and the remaining amount will be accounted as its capital reserve. Upon completion of the Capital Increase, the registered share capital of Yankuang Finance Company will increase from RMB2,500 million to RMB4,000 million.

Shandong Energy is the controlling shareholder of the Company. As at the date of the announcement, Shandong Energy, directly and indirectly, held approximately 55.76% of the total issued share capital of the Company. Pursuant to Rule 14A.92 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), as the Capital Increase is made on a pro rata basis, the Capital Increase is fully exempt from announcement, reporting, and independent shareholders' approval requirements under the Listing Rules. However, pursuant to relevant rules of Shanghai Stock Exchange, the Capital Increase constitutes a related transaction but not a restructuring of major assets.

In the past 12 months, the Company had 1 related transactions with Shandong Energy in aggregation in an amount of RMB8.0381 million.

II. Introduction to the related party

Shandong Energy is the related party of the Company in the Capital Increase.

Shandong Energy is a state-owned limited liability company with Shandong Province National Assets Supervisory Committee as its controlling shareholder. Shandong Energy has a registered capital of RMB24,700 million and its legal representative is Mr. Li Wei. The principal business of Shandong Energy includes coal, coal power, coal chemical industry, high-end equipment manufacturing, new energy and new materials, modern logistics and trade. Shandong Energy resides at the 19th floor, J3 office building, Gaoxin Wanda, No. 57-1, South Industrial Road, Gaoxin District, Jinan City, Shandong Province.

As at 31 December 2020, the total assets of Shandong Energy were RMB685,103 million, and the net assets were RMB226,251 million. For the year 2020, Shandong Energy had revenue of RMB675,240 million and the net profit of RMB11,179 million.

III. Information about Yankuang Finance Company

Yankuang Finance Company is a subsidiary of the Company established on 13 September 2010 with No. 329, Fushan South Road, Zoucheng, Shandong Province as its registered address and a registered capital of RMB2,500 million. The principal business of Yankuang Finance Company includes provision of accounting and financing consultancy services, credit proof and related consultancy and agency services to member companies; provision of entrusted loan services among member companies, Absorb deposits of member units and provision of loans and finance leasing services to member companies. The equity structure of Yankuang Finance Company at the date of the announcement is as follows:

Currency: RMB Unit: 100 million

Shareholder	Capital contributed	Percentage
The Company	23.75	95%
Shandong Energy	1.25	5%
Total	25.00	100%

Yankuang Finance Company is a non-banking financial institution established with the

approval of the China Banking and Insurance Regulatory Commission ("**CBIRC**"). Yankuang Finance Company holds a finance license granted by the CBIRC.

As at 31 December 2020, the total assets of Yankuang Finance Company were RMB25,513 million, and the net assets were RMB3,354 million. For the year 2020, Yankuang Finance Company had revenue of RMB595 million and the net profit of RMB204 million (based on audited financial statement in accordance with Chinese Accounting Standards).

As at 30 June 2021, the total assets of Yankuang Finance Company were RMB26,655 million, and the net assets were RMB3,528 million. For the six months ended 30 June 2021, the revenue of Yankuang Finance Company was RMB378 million and the net profit was RMB175 million (based on unaudited accounts of Yankuang Finance Company in accordance with Chinese Accounting Standards).

IV. Major terms of the Agreement

i. Parties that will participate in the Capital Increase

The parties that will participate in the Capital Increase are the Company and Shandong Energy.

ii. Amount of the Capital Increase

The Company will contribute RMB1,911.495 million in cash to Yankuang Finance Company; and Shandong Energy will contribute RMB100.605 million in cash to Yankuang Finance Company.

iii. Terms of payment

The Company and Yankuang shall make payments within 30 business days after relevant regulatory agencies grant approval to the Capital Increase.

iv. Conditions precedent

The Agreement will come into effect upon the realization of the following conditions:

- a. The parties to the Agreement have executed and sealed the Agreement; and
- b. Relevant regulatory agencies grant approval to the Capital Increase.

v. Breach liabilities

The breaching party to the Agreement shall compensate the other parties for losses incurred

as a result of the breach.

V. Impact of the Capital Increase on the Company

- (a) The Capital Increase can enable Yankuang Finance Company to expand its business scale and expand its business scope, which will allow the Company and its subsidiaries to obtain a higher amount of low interest financing, so as to reduce the financing cost.
- (b) The Capital Increase can enable Yankuang Finance Company to improve its resilience against risks, which will allow the Company and its subsidiaries to enjoy safer and more efficient financial services.
- (c) The Capital Increase is in line with the interests of the Company and all its shareholders and will not have an adverse impact on the current and future financial position and operating results of the Company.

VI. Procedures for consideration and approval of the Capital Increase

i. Consideration and approval of the Board

The Capital Increase has been considered and approved by the fifteenth meeting of the eighth session of the Board on 27 August 2021.

The eighth session of the Board comprises 11 members, and the 3 related directors have abstained from voting. The 8 non-related directors unanimously approved the Capital Increase. The 8 non-related directors formed a quorum and the procedures for consideration and approval abided by relevant laws and regulations.

ii. Prior consent and independent opinion of independent non-executive directors of the Company

The 4 independent non-executive directors of the Company gave their prior consent and agreed to present the Capital Increase to the Board for consideration and approval. After reviewing the relevant information provided by the Company, the independent non-executive directors gave their independent opinion as follows:

- a. The consideration and approval procedures for the "Proposal in relation to the capital increase in Yankuang Group Finance Co., Ltd" abided by relevant laws, regulations, the listing rules of the places where the shares of the Company are listed, and the Articles of Association of the Company.
- b. The Company and Shandong Energy increase their respective capital contribution to Yankuang Finance Company in proportion to their respective shareholding interest in Yankuang Finance Company in cash, which can help Yankuang Finance Company to expand its business scope and business scale, and improve its resilience against risks. The Capital Increase will help Yankuang Finance Company reduce the financing cost and

provide safer and more efficient financial services to the Company and its subsidiaries.

c. The Agreement is entered into on normal commercial terms, and its terms are fair and reasonable and in the interests of the Company and its independent shareholders as a whole.

VII. Documents for Inspection

1. Resolutions Passed at the Fifteenth Meeting of the Eighth Session of the Board of Directors of Yanzhou Coal Mining Company Limited;
2. Prior consent and independent opinion from independent Directors on related transaction of the capital increase in Yankuang Group Finance Co., Ltd;
3. Capital Increase Agreement of Yankuang Group Finance Co., Ltd.

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

Zoucheng City, Shandong Province, the PRC
27 August 2021

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