

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

*(A joint stock limited company incorporated in the "PRC with limited liability)*  
(Stock Code: 1171)

**DISCLOSEABLE TRANSACTIONS**  
**DEEMED DISPOSAL OF 18.36% EQUITY INTERESTS OF HAOSHENG**  
**COMPANY**  
**AND**  
**ACQUISITION OF 400 MILLION TONNES OF COAL RESERVES IN**  
**SHILAWUSU COAL FIELD**

On 1 November 2019, Yanzhou Coal, Haosheng Company, Xibu Company and Other Shareholders entered into the Capital Increase Agreement, pursuant to which Xibu Company will increase the capital of Haosheng Company by RMB2,742,460,000. Xibu Company will contribute 400 million tonnes of coal reserves in Shilawusu Coal Field as the consideration of RMB2,065,560,000 for the Capital Increase, and the remaining consideration of RMB676,900,000 shall be paid in cash. After the Capital Increase, the total registered capital of Haosheng Company will increase by RMB279,721,800 to RMB1,184,621,800, in which 59.38% will be held by Yanzhou Coal and 23.61% by Xibu Company. The remaining RMB397,178,200 of the Capital Increase paid in cash will be accounted as the capital reserve of Haosheng Company. All rights and interests in 400 million tonnes of coal reserves in Shilawusu Coal Field will be attributable to Haosheng Company.

After the Capital Increase, the Company's shareholding in Haosheng Company will decrease from 77.74% to 59.38% and thus the Capital Increase constitutes a deemed disposal under Rule 14.29 of the Hong Kong Listing Rules. In addition, Xibu Company will contribute 400 million tonnes of coal reserves in Shilawusu Coal Field as part of the consideration for the Capital Increase. As such, Haosheng Company will acquire all rights and interests in 400 million tonnes of coal reserves in Shilawusu Coal Field and thus the Capital Increase will constitute the acquisition of assets under Rule 14.04 of the Hong Kong Listing Rules. As the highest percentage ratios calculated under the Hong Kong Listing Rules exceed 5% but are less than 25%, both the deemed disposal and the acquisition constitute discloseable transactions of the Company under Chapter 14 of the Hong Kong Listing Rules and are subject to reporting and announcement requirements under the Hong Kong Listing Rules.

## **I. The Capital Increase Agreement**

### ***1. Background and main contents***

In order to speed up the development of Haosheng Company and optimize its shareholding structure, on 1 November 2019, after multiple rounds of consultation, Yanzhou Coal, Haosheng Company, Xibu Company and Other Shareholders reached consensus and entered into the Capital Increase Agreement, pursuant to which Xibu Company will increase the capital of Haosheng Company by RMB2,742,460,000. According to the Capital Increase Agreement, Xibu Company agreed to contribute 400 million tonnes of coal reserves in Shilawusu Coal Field as the consideration of RMB2,065,560,000 for the Capital Increase, and the remaining consideration of RMB676,900,000 shall be paid in cash. After the Capital Increase, the total registered capital of Haosheng Company will increase by RMB279,721,800 to RMB1,184,621,800, and the remaining RMB397,178,200 of the Capital Increase paid in cash will be accounted as the capital reserve of Haosheng Company.

## ***2. Date***

1 November 2019

## ***3. Parties***

- (1) Yanzhou Coal;
- (2) Haosheng Company;
- (3) Xibu Company;
- (4) Other Shareholders.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Xibu Company, Other Shareholders and their ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

## ***4. Pricing and payment***

Haosheng Company proposed to increase its registered capital by RMB279,721,800, which constitutes 30.91% and 23.61% of the total registered capitals of Haosheng Company before and after the Capital Increase, respectively. The price for the Capital Increase is RMB2,742,460,000. Xibu Company will contribute 400 million tonnes of coal reserves in Shilawusu Coal Field as the consideration of RMB2,065,560,000 for the Capital Increase, and the remaining consideration of RMB676,900,000 shall be paid in cash.

The consideration of the Capital Increase was determined based on: (i) the Assets Evaluation Report issued by China United for the Capital Increase with respect to Haosheng Company; (ii) the Exploitation Right Evaluation Consultation Report of Haosheng Company issued by China United with respect to exploitation right of coal reserves in Shilawusu Coal Field. The evaluated value of total equity of Haosheng Company is RMB8,871,858,400, indicating an increase of RMB7,638,768,200 or 619.48% compared with the net assets book value of RMB1,233,090,200 of Haosheng Company, including the value of coal reserves in Shilawusu Coal Field attributable to the existing shareholders of Haosheng Company.

The Assets Evaluation Report and the Exploitation Right Evaluation Consultation Report were issued by China United, an independent qualified evaluation institute in the PRC. In order to make a comprehensive judgment on the business of Haosheng Company and fully reflect its core assets, advantages and the value of intangible assets, the Assets Evaluation Report was based on asset-based approach and income approach; according to the relevant regulations in the PRC, the Exploitation Right Evaluation Consultation Report was based on discounted cash flow approach.

Pursuant to Rule 14.62(1) of the Hong Kong Listing Rules, the following are the details of the principal assumptions, including commercial assumptions, upon which the Assets Evaluation Report and the Exploitation Right Evaluation Consultation Report was issued by China United:

(1) The Assets Evaluation Report was based on the following assumptions:

#### 1.1 General assumptions

1.1.1 Transaction assumption: Transaction assumption means that all assets to be valued have been under the process of transaction. The valuer evaluates the assets based on the terms and other conditions of the transaction compared with the market. Transaction assumption is a basic pre-assumption to conduct the assets evaluation.

1.1.2 Open market assumption: Open market assumption means that as to the assets being or to be traded in the market, the parties to the assets transaction are equal and both have enough opportunities and time to acquire market information, in order to make reasonable judgment on the function, use and price of the assets. Open market assumption is based on the open transaction of the assets.

1.1.3 Assets continuity assumption: Assets continuity assumption means that the assets to be evaluated will continue to be used according to the current usage, method, scale, frequency, environment and other conditions. Otherwise, if the assets are used in a different manner, the method, parameter and basis of the evaluation would be changed accordingly.

#### 1.2 Special assumptions

1.2.1 There is no material change in current macroeconomic, industries and other policies of the PRC;

1.2.2 There is no material change in the socio-economic environment and the tax and tax rates implemented in the future business period of the evaluation object (i.e., the total equity interests of Haosheng Company);

1.2.3 The management of the evaluation object are fully responsible for the management of the future operating period, and continue to maintain the existing management mode of the benchmark day;

1.2.4 It is assumed that the report adopts the production scale, investment construction plan, development and utilization mode and so on in accordance with the reality in the future which would not change during the service life of the coal mine. The report does not consider the changes in business structure and other conditions due to changes in management, business strategy and business environment. The report does not consider future additional investment which would lead to the expansion of production and operation capacity;

1.2.5 It is assumed that mining enterprises will continue to operate legally on the basis of the planned development schedule, production mode, production scale, product structure, development technology level and market supply and demand level;

1.2.6 It is assumed that the subsequent consideration of the mining right has been fully paid in 2018 as required by the government;

1.2.7 It is assumed that the land assignment fee has been fully paid by the end of 2017;

1.2.8 Haosheng company obtains the mining license of Shilawusu coal mine in accordance with the law within the regulated period of validity;

1.2.9 The Assets Evaluation Report does not take the inflation into consideration.

When the above-mentioned conditions change, the evaluation result will lapse in most cases.

(2) The Exploitation Right Evaluation Consultation Report was based on the following assumptions:

2.1 The relevant policies, laws and systems remain as the status quo without material changes, and the relevant social, political and economic environment, as well as the technology and conditions of selection remain as the status quo without material changes;

2.2 The operation of the coal mine is continued legally based on the planned development schedule, production mode, production scale, product structure, development technology level and market supply and demand level;

2.3 The price, cost and expense, tax rate and interest rate will change within the normal range during the earning period of mining development;

2.4 The conclusion of the evaluation is drawn on the basis of the Approval of Demarcation of Mining Area Scope in Shilawusu Coal Mine (National Land Resources Mmining Area Demarcation [2015] no. 037) (石拉烏素煤礦劃定礦區範圍的批復 (國土資礦劃字[2015]037 號)), and on the premise that Haosheng Company can obtain the mining license and safety production license of Shilawusu coal mine within the regulated period of validity;

2.5 The conclusion of the evaluation does not take into account the possible impact on production of future disposal of the mining rights value;

2.6 The conclusion of the evaluation does not take into account the possible mortgage, guarantee and additional value may be paid for its assessed value by extraordinary transaction parties. The conclusion of the evaluation does not take into account the influence of changes in national macroeconomic policies, natural force, other force majeure and unpredictable factors which may affect the assessed value, either.

According to the Assets Evaluation Report, the estimated value of each RMB yuan of Haosheng Company's registered capital is RMB9.8042. Based on the shareholding ratio of 23.61% of capital contribution made by Xibu Company after the Capital Increase, the amount of registered capital increased in Haosheng Company is RMB279,721,800, all subscribed by Xibu Company. Based on the above-mentioned evaluation results, the consideration for the Capital Increase should not be less than RMB2,742,448,472.

According to the Exploitation Right Evaluation Consultation Report, the value of each tonne of coal resources in Shilawusu coal mine is RMB5.1639. After Xibu Company becomes a shareholder of Haosheng Company, Haosheng Company will execute the rights and interests of Xibu Company in coal resources of Shilawusu Coal Field. According to the principle of equal capital increase, Xibu Company will contribute 400 million tonnes of coal reserves in Shilawusu Coal Field as consideration of RMB2,065,560,000 for the Capital Increase.

Xibu Company shall transfer the cash part of the consideration for the Capital Increase (i.e. RMB676,900,000) to the special clearing account of Shandong Property Right Trade Center for lump-sum settlement within 5 working days after entering into the Capital Increase Agreement, and transfer all rights and interests in the above-mentioned coal resources for Capital Increase to Haosheng Company.

SHINewing (HK) CPA Limited, the auditor of the Company, has conducted its work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and has reviewed the arithmetical

calculations and compilation of the profit forecast in accordance with the bases and assumptions adopted by the Directors in preparing the Haosheng Company Assets Evaluation Report.

The qualification of the expert providing conclusions or opinions in this announcement is as follows:

Name	Qualification	Date of the independent assurance report
SHINEWING (HK) CPA Limited	Certified Public Accountants	4 November 2019

The Board confirmed that the above-mentioned profit forecast was made after due and careful enquiry.

An independent assurance report from SHINEWING (HK) CPA Limited and a letter from the Board are included in the appendixes to this announcement according to Rule 14.62 of the Hong Kong Listing Rules.

As at the date of this announcement, SHINEWING (HK) CPA Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate a person to subscribe for securities in any member of the Group. SHINEWING (HK) CPA Limited has given and has not withdrawn its written consent to the publication of this announcement and the reference to its name with the independent assurance report from SHINEWING (HK) CPA Limited included in the form and context in which it is included, and the independent assurance report from SHINEWING (HK) CPA Limited is given as at the date of this announcement for incorporation herein.

#### ***5. Conditions precedent***

- (1) The existing shareholders of Haosheng Company has followed their internal decision-making procedures, approved the Capital Increase and waived their preemption rights in the Capital Increase;
- (2) Haosheng Company has convened the general meeting to approve the Capital Increase and the amendments to the articles of association of Haosheng Company;
- (3) The legal representatives or authorized representatives of the parties to the Capital Increase Agreement have signed and affixed their official seals to the Capital Increase Agreement;
- (4) The Assets Evaluation Report has obtained the approval / filing documents from the competent state-owned assets supervision and administration department;
- (5) Xibu Company has transferred all consideration for the Capital Increase to the designated bank account of Shandong Property Right Trade Center;
- (6) Xibu Company has transferred all rights and interests of the coal reserves allocated by the Government of Inner Mongolia Autonomous Region for the Capital Increase to Haosheng Company.

#### ***6. Reasons and benefits for the Capital Increase***

The Capital Increase is in line with the national energy development policy and the coal resource allocation policy of Inner Mongolia Autonomous Region; it is helpful for Haosheng Company to finish the coal mine formalities and realize production as soon as possible; it helps Haosheng Company to expand its coal reserves and to realize sustainable development; it is beneficial to optimize Haosheng Company's shareholding structure and enhance its ability to resist market risks.

#### ***7. Financial effects of the Capital Increase to Yanzhou Coal***

After the Capital Increase, the shareholding of the Company in Haosheng Company will decrease from 77.74% to 59.38%. Haosheng Company will continue to be accounted for as a subsidiary of the Company and its accounts will continue to be consolidated into the accounts of the Group.

Since the deemed disposal under the Capital Increase will be recorded as an equity transaction in accordance with the accounting policy of the Group, it is expected that the Group will not record any gain or loss from the deemed disposal of 18.36% of the equity interests of Haosheng Company.

The exact financial effects of the deemed disposal are subject to the review by the Company's auditors.

#### ***8. Restrictions on the transaction of Haosheng Company's equity after the Capital Increase***

The parties to the Capital Increase Agreement agreed to ensure that the shareholding of Yanzhou Coal in Haosheng Company will not be lower than 51%. If the shareholding structure or the percentage ratios thereof is changed under any circumstances, which results in Yanzhou Coal's shareholding in Haosheng Company falling below 51%, Xibu Company and Other Shareholders shall sell their equity interests and their corresponding interests in coal resources of Haosheng Company to Yanzhou Coal and / or to Haosheng Company according to their proportion of shareholding upon the request of Yanzhou Coal, in order to ensure that Yanzhou Coal's shareholding in Haosheng Company is 51% or above.

The above-mentioned right of the Yanzhou Coal shall be prior to the preemption rights that Xibu Company and Other Shareholders may have as the shareholders of Haosheng Company, and such right shall be executed no later than the completion of the above-mentioned share transaction. Otherwise, Yanzhou Coal shall have the right to vote against the resolution in relation to such share transaction at the general meeting.

## **II. Implication of Hong Kong Listing Rules**

The Company's shareholding in Haosheng Company will decrease from 77.74% to 59.38% after the Capital Increase, and thus the Capital Increase constitutes a deemed disposal under Rule 14.29 of the Hong Kong Listing Rules. As the highest percentage ratio calculated under the Hong Kong Listing Rules exceeds 5% but is less than 25%, the deemed disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to reporting and announcement requirements under the Hong Kong Listing Rules.

Xibu Company will contribute 400 million tonnes of coal reserves in Shilawusu Coal Field as part of the consideration for the Capital Increase. As such, Haosheng Company will acquire all rights and interests in 400 million tonnes of coal reserves in Shilawusu Coal Field. Therefore, the Capital Increase will also constitute the acquisition of assets under Rule 14.04 of the Hong Kong Listing Rules. As the highest percentage ratio calculated under the Hong Kong Listing Rules exceeds 5% but is less than 25%, the acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is subject to reporting and announcement requirements under the Hong Kong Listing Rules.

The Directors consider that the terms and conditions of the Capital Increase Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **III. General Information**

The Capital Increase Agreement has been approved by the Board meeting held on 7 September 2018.

At the aforesaid Board meeting, none of the Directors was regarded as having a material interest in the Capital Increase Agreement and therefore, none of the Directors has abstained from voting at the aforesaid Board meeting convened for the purpose of approving such transaction.

#### IV. Information of the Parties

##### *Yanzhou Coal*

Yanzhou Coal is principally engaged in the business of mining, preparation, processing and sales of coal and coal chemicals. Yanzhou Coal'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.

##### *Haosheng Company*

Haosheng Company is mainly in charge of the production and operation of Shilawusu coal mine in Ordos, Inner Mongolia Autonomous Region. The financial information of Haosheng Company in the past two years is shown in the following table (prepared according to Chinese accounting standards):

Unit: 0'000 RMB

	As at 31 December of		As at 30 June of
	2017	2018	2019 (unaudited)
Net Profit (before tax and extraordinary items)	64,741.55	-49,040.00	-20,805.17
Net Profit (after tax and extraordinary items)	50,568.91	-53,248.57	-21,023.29

The following table indicates the shareholding structure of Haosheng Company (1) as at the date of this announcement; and (2) immediately after the Capital Increase (assuming that the shareholding structure of Haosheng Company does not change otherwise from the date of this announcement to the completion of the Capital Increase).

Shareholders of Haosheng Company	As at the date of this announcement		Immediately after the Capital Increase	
	Number of shares	% (approx.)	Number of shares	% (approx.)
The Company	703,460,000	77.74	703,460,000	59.38
Xibu Company	-	-	279,721,800	23.61
Other Shareholders	201,440,000	22.26	201,440,000	17.00
Total	904,900,000	100.00	1,184,621,800	100.00

Note: The discrepancy between the total amount and the sum of items is due to rounding.

##### *Xibu Company*

The main business of Xibu Company includes resource management, corporation management, meeting service, corporate image planning, import and export of goods and other business.

##### *Other Shareholders*

Shanghai Huayi (Group) Company\* (上海华谊(集团)公司) is mainly engaged in state-owned assets operation and management within the authorization, industrial investment, production and sales

of chemical products and equipment, investment in medical products, import and export business of goods and technologies, contracting for overseas chemical engineering projects and international bidding projects in China, the export of the equipment and materials required in the abovementioned overseas projects, labor dispatch required in the implementation of the abovementioned overseas projects.

Ordos Jinchengtai Chemicals Company Limited\* (鄂爾多斯市金誠泰化工有限責任公司) is mainly engaged in production, storage and sales of Methanol and its derivative chemical products, etc.

Jiutai Energy Inner Mongolia Co., Ltd.\* (久泰能源內蒙古有限公司) is mainly engaged in production and sales of methanol, dimethyl ether, sulfur, ash residue, export of its own products, import of the raw and auxiliary materials, mechanical equipment, instruments and gauges and related technology (excluding the goods with limited access for business operation or prohibited for export or import in the PRC) required in the production and scientific research of the company, and the research and development of new energy.

## V. Definitions

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

"Assets Evaluation Report"	the Assets Evaluation Report Regarding the Evaluation of Relevant Total Equity of Haosheng Company for the Proposed Capital Project Increase of Haosheng Company (Zhonglian Pingbao [2017] No. 2264) (昊盛公司擬增資涉及的昊盛公司股東全部權益價值評估專案資產評估報告(中聯評報字〔2017〕第2264號)) issued by China United Assets Appraisal Group Co. Ltd.* on the basis of asset-based approach and income approach
"Board"	the board of Directors of the Company
"Capital Increase"	the increase of capital of Haosheng Company under the Capital Increase Agreement
"Capital Increase Agreement"	The capital increase agreement entered into among Yanzhou Coal, Haosheng Company, Xibu Company and Other Shareholders dated 4 November 2019
"Company" or "Yanzhou Coal"	兗州煤業股份有限公司, Yanzhou Coal Mining Company Limited, a joint stock limited company established under the laws of the PRC in 1997, and the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"Director(s)"	the director(s) of the Company
"Exploitation Evaluation Right Consultation Report"	the Exploitation Right Evaluation Consultation Report Regarding Shilawusu coal mine of Haosheng Company (Zhonglian Pingbao [2017] No. 2265) (昊盛公司石拉烏素煤礦採礦權價值諮詢報告(中聯諮礦報字〔2017〕第2265號), issued by China United Assets Appraisal Group Co. Ltd.* on the basis of discounted cash flow approach



"Group"	the Company and its subsidiaries
"Haosheng Company"	Inner Mongolia Haosheng Coal Mining Company Limited* (內蒙古昊盛煤業有限公司), a company with limited liability incorporated under the laws of the PRC in 2010 and a 77.74% owned subsidiary of the Company as at the date of this announcement, mainly engages in the production operation of Shilawusu coal mine located in Ordos, Inner Mongolia Autonomous Region
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Other Shareholders"	Shanghai Huayi (Group) Company* (上海華誼(集團)公司), Ordos Jinchengtai Chemicals Company Limited* (鄂爾多斯市金誠泰化工有限公司) and Jiutai Energy Inner Mongolia Co., Ltd.* (久泰能源內蒙古有限公司), being the shareholders of Haosheng Company
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Shilawusu Coal Field"	The Shilawusu coal field located in Ordos, Inner Mongolia Autonomous Region, the PRC
"Xibu Company"	Xibu New Era Evergy Investment Joint-stock Company* (西部新時代能源投資股份有限公司), a company incorporated under the laws of the PRC in 2011
"China United"	China United Assets Appraisal Group Co. Ltd.* (中聯資產評估集團有限公司), an independent qualified evaluation institute in the PRC
"%"	per cent

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

Zoucheng, Shandong Province, the PRC  
4 November 2019

*As at the date of this announcement, the directors of the Company are Mr. Li Xiyong, Mr. Li Wei, Mr. Wu Xiangqian, Mr. Liu Jian, Mr. Guo Dechun, Mr. Zhao Qingchun and Mr. Guo Jun, and the independent non-executive directors of the Company are Mr. Kong Xiangguo, Mr. Cai Chang, Mr. Poon Chiu Kwok and Mr. Qi Anbang.*

*\* For reference purpose only*

In compliance with Rule 14.60A of the Hong Kong Listing Rules, the text of each of the independent assurance report from ShineWing (HK) CPA Limited to the Directors confirming it has reviewed the arithmetical calculations of the profit forecast in the Assets Evaluation Report and the letter from the Board confirming the evaluation in the Assets Evaluation Report has been made by the Directors after due and careful enquiry both dated 4 November 2019, for the purpose of, among other things, inclusion in this announcement are reproduced below:

## **APPENDIX I – INDEPENDENT ASSURANCE REPORT FROM SHINEWING (HK) CPA LIMITED**

Board of Directors  
Yanzhou Coal Mining Company Limited  
298 Fushan South Road  
Zoucheng City, Shandong Province  
PRC

Dear Sirs,

### **INDEPENDENT ASSURANCE REPORT**

We have examined the accounting policies adopted and calculations of the underlying profit forecast (the “Underlying Forecast”) to the business valuation (the “Valuation”) dated 17 November 2017 prepared by China United Assets Appraisal Group Co. Ltd. (the “Valuer”) in respect of the valuation on Inner Mongolia Haosheng Coal Mining Co., Ltd\* (內蒙古昊盛煤業有限公司) (“Haosheng”) in connection with the announcement of the Company dated 4 November 2019 (the “Announcement”) regarding the deemed disposal of 18.36% equity interests in Haosheng.

#### **Directors’ Responsibilities**

The directors of the Company and Haosheng (the “Directors”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of the Valuation of Haosheng based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “Assumptions”) that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

#### **Our Independence and Quality Control**

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

The 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” 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.

*\*For identification purpose only*

#### **Reporting Accountant’s Responsibilities**

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) (“HKSAE 3000 (Revised)”) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures specified in Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecast, Statements of Sufficiency of Working Capital and Statements of Indebtedness” issued by the HKICPA. We examined the consistency of accounting policies adopted and the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of Haosheng.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Underlying Forecast has been properly compiled in accordance with the Assumptions adopted by the Directors and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

### **Other Matters**

We draw attention to the special assumptions 1.2.5 and 1.2.8 in the Announcement which set out the assumptions adopted by the Directors regarding the mining license of Haosheng. In preparing the Underlying Forecast, the Directors have assumed that Haosheng obtain the mining license of Shilawusu coal mine in accordance with the law within the regulated period of validity. As of the date of the Valuation, Haosheng had in the progress to apply for the relevant mining licenses. Our opinion is not qualified in respect of this matter.

Yours faithfully,  
**SHINEWING (HK) CPA Limited**  
*Certified Public Accountants*  
Lau Kai Wong  
Practising Certificate Number: P06623

Hong Kong  
4 November 2019

## **APPENDIX II – LETTER FROM THE BOARD**

4 November 2019

Listing Division  
The Stock Exchange of Hong Kong Limited  
12/F Two Exchange Square  
8 Connaught Place  
Central, Hong Kong  
**Dear Sir / Madam,**

**Regarding: Deemed Disposal of 18.36% Equity Interests in Haosheng Company and Acquisition of 400 Million Tonnes of Coal Resources in Shilawusu Coal Field by Yanzhou Coal Mining Company Limited (Stock Code: 1171) (the "Company")**

We refer to the announcement of the Company dated 4 November 2019 in relation to the discloseable transactions regarding the deemed disposal of 18.36% equity interests in Haosheng Company and acquisition of 400 million tonnes of coal resources in Shilawusu Coal Field (the "Announcement"). Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Announcement.

We have reviewed and discussed the Assets Evaluation Report, which forms the basis for determining the consideration for the Capital Increase of Haosheng Company. We note that the methodology applied in Assets Evaluation Report is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. Pursuant to Rule 14.62 of the Hong Kong Listing Rules, we have engaged SHINEWING (HK) CPA Limited, acting as the Company's reporting accountants, to examine the arithmetical accuracy of the calculation of the Assets Evaluation Report in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the procedures specified in Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecast, Statements of Sufficiency of Working Capital and Statements of Indebtedness".

On the basis of the above, we confirm that the appraised value in the Assets Evaluation Report as contained in the Valuation Report has been made after due and careful enquiry.

Yours faithfully,

For and on behalf of the Board of  
**Yanzhou Coal Mining Company Limited**  
Wu Xiangqian  
Director