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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 "PRC with limited liability)
(Stock Code: 1171)

CONNECTED TRANSACTION
ACQUISITION OF 100% EQUITY INTERESTS OF QINGDAO SHENGLONG

On 4 December 2019, Qingdao Duanxin, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Yankuang Group, pursuant to which, Qingdao Duanxin agreed to purchase and Yankuang Group agreed to sell 100% equity interests of Qingdao Shenglong at a consideration of RMB53,397,700.

Yankuang Group is the controlling shareholder of the Company, holding directly and indirectly approximately 53.79% of the issued share capital of the Company as at the date of this announcement. Therefore, Yankuang Group is a connected person of the Company. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the transaction contemplated under the Share Transfer Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) of the transaction contemplated under the Share Transfer Agreement exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements, but exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

I. The Share Transfer Agreement

1. Background and main contents

On 4 December 2019, Qingdao Duanxin, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with Yankuang Group, pursuant to which, Qingdao Duanxin agreed to purchase and Yankuang Group agreed to sell 100% equity interests of Qingdao Shenglong at a consideration of RMB53,397,700.

2. Date

4 December 2019

3. Parties

(1) Qingdao Duanxin; and

(2) Yankuang Group.

4. Pricing and payment

According to the Share Transfer Agreement, Qingdao Duanxin shall pay RMB53,397,700 to Yankuang Group as the consideration for the Share Transfer. The consideration is determined based on the Asset Evaluation Report issued by Huaya Zhengxin, according to which the total equity value of shareholders of Qingdao Shenglong as of the Evaluation Benchmark Day is RMB53,397,700. Qingdao Duanxin will pay the consideration within 5 business days upon the completion of the change of industrial and commercial registration for the Share Transfer.

5. Conditions precedent

The conditions precedent for the Share Transfer Agreement include:

- (1) Qingdao Duanxin and Yankuang Group sign and affix seals on the Share Transfer Agreement respectively;
- (2) Qingdao Duanxin and Yankuang Group complete the internal approval procedures for the Share Transfer Agreement respectively.

6. Reasons and benefits for the Share Transfer

The completion of the Share Transfer is expected to benefit the Company in obtaining high-quality assets in Qingdao and realize the professional management of various industry segments. It will also help the Company to centralize its advantageous resources, gather development advantages, achieve coordinated development and comprehensively enhance the Company's regional industrial competitiveness.

II. Implication of the Hong Kong Listing Rules

Yankuang Group is the controlling shareholder of the Company, holding directly and indirectly approximately 53.79% of the issued share capital of the Company as at the date of this announcement. Therefore, Yankuang Group is a connected person of the Company. Pursuant to Chapter 14A of the Hong Kong Listing Rules, the transaction contemplated under the Share Transfer Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) of the transaction contemplated under the Share Transfer Agreement exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements, but exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Share Transfer 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 Share Transfer Agreement has been approved by the Board meeting held on 4 December 2019.

At the aforesaid Board meeting, two connected Directors (i.e. Mr. Li Xiyong and Mr. Li Wei) were regarded as having a material interest in the Share Transfer Agreement and abstained from voting on the relevant resolution. The other nine Directors considered and approved the transaction. Save as disclosed in above, none of the Directors abstained from voting on the relevant resolution 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.

Qingdao Duanxin

Qingdao Duanxin is a wholly-owned subsidiary of the Company as of the date of this announcement, and is principally engaged in entrusted to manage equity investment funds, entrusted to manage enterprise assets, external investments with owned funds and other businesses.

Yankuang Group

Yankuang Group is a state-controlled limited liability company with a registered capital of RMB7,769.2 million and its legal representative is Mr. Li Xiyong. The principal business of Yankuang Group includes the exploration, processing, trade and provision of auxiliary services of mining (coal and nonferrous metal), highend chemical industry, modern logistics, and engineering and technology services.

As at the date of this announcement, Yankuang Group is the controlling Shareholder of the Company, holding directly or indirectly approximately 53.79% of the issued share capital of the Company, and is hence a connected person of the Company.

Qingdao Shenglong

Qingdao Shenglong is mainly engaged in coal wholesale operation, sales of iron ore and mineral products, development and sales of computer software and hardware, house lease and site lease. As of the Evaluation Benchmark Date, the book value of the net assets of Qingdao Shenglong was RMB121,220,200 and the appraisal value of the net assets of Qingdao Shenglong was RMB145,890,700.

The financial information of Qingdao Shenglong for the years ended 31 December 2017 and 2018 and the six months ended 30 June 2019 is shown in the following table (prepared according to Chinese accounting standards):

	For the year ended 31 December		For the six months ended 30 June
	2017 (audited)	2018 (audited)	2019 (audited)
Net Profit (before tax and extraordinary items) (loss is shown by "-")	-2,402.7	-7,258.6	-2,279.3
Net Profit (after tax and extraordinary items) (loss is shown by "-")	-2,402.7	-7,258.6	-2,279.3

Unit: RMB thousand

After Qingdao Duanxin completes the acquisition of 100% equity interest in Qingdao Shenglong, Qingdao Shenglong will become a wholly-owned subsidiary of the Company and its accounts will be consolidated into the accounts of the Group.

V. Definitions

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

"Asset Evaluation Report"	"The Asset Evaluation Report of the Total Equity Value of Shareholders of Qingdao Dongfang Shenglong Industrial Company Limited* in Relation to the Proposed Acquisition of Total Equity Interests of Qingdao Dongfang Shenglong Industrial Company Limited* by Yanzhou Coal Mining Company Limited" (Huaya Zhengxin [2019] No. A11-0002) issued by Huaya Zhengxin based on asset-based approach
"Board"	the board of Directors of the Company
"Company" or "Yanzhou Coal"	兗州煤業股份有限公司, Yanzhou Coal Mining Company Limited, a joint stock limited company incorporated under the laws of the PRC in 1997, and the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
"connected person"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Director(s)"	the director(s) of the Company
"Evaluation Benchmark Day"	30 June 2019, being the evaluation benchmark day adopted by the Asset Evaluation Report
"Group"	the Company and its subsidiaries
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Huaya Zhengxin"	Beijing Huaya Zhengxin Asset Evaluation Company Limited* (北京華亞正信資產評估有限公司), an independent qualified evaluation institute in the PRC
"PRC"	the People's Republic of China
"Qingdao Duanxin"	Qingdao Duanxin Asset Management Company Limited* (青島端信資產管理有限公司), a limited liability company incorporated under the laws of the PRC in 2016 and a wholly-owned subsidiary of the Company as at the date of this announcement

"Qingdao Shenglong"	Qingdao Dongfang Shenglong Industrial Company Limited* (青島東方盛隆實業有限公司), a limited liability company incorporated under the laws of the PRC in 1993 and a wholly-owned subsidiary of Yankuang Group as at the date of this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"Share Transfer"	the acquisition of 100% equity interests in Qingdao Shenglong by Qingdao Duanxin contemplated under the Share Transfer Agreement
"Share Transfer Agreement"	the agreement entered into between Qingdao Duanxin and Yankuang Group on 4 December 2019, pursuant to which Qingdao Duanxin agreed to purchase and Yankuang Group agreed to sell 100% equity interests in Qingdao Shenglong
"subsidiary"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Yankuang Group"	Yankuang Group Company Limited* (兗礦集團有限公司), a limited liability company reformed and incorporated under the laws of the PRC in 1996, the controlling shareholder of the Company holding directly and indirectly approximately 53.79% of the total issued share capital of the Company as at the date of this announcement
"%"	percent

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

Zoucheng, Shandong Province, the PRC
4 December 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.