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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)

CONNECTED TRANSACTION
ACQUISITION OF 62% EQUITY INTEREST IN YULIN LOGISTICS COMPANY

Acquisition of 62% Equity Interest in Yulin Logistics Company

The Board announces that Shandong Duanxin Company (a wholly-owned subsidiary of the Company) has won the bid for the 62% equity interest in Yulin Logistics Company, a subsidiary of Donghua Logistics Company (a wholly-owned subsidiary of Shandong Energy) by way of network platform public auction through Shandong Property Right Exchange Center, at a consideration of RMB5.9598 million. On 15 November 2021, Shandong Property Right Exchange Center issued the confirmation letter to Shandong Duanxin Company, which formally confirmed the settlement of the Acquisition at a final consideration of RMB5.9598 million and Shandong Duanxin Company has paid all the consideration to Shandong Property Right Exchange Center. Following the completion of the Acquisition, Yulin Logistic Company will become a subsidiary of the Company.

Listing Rules Implications

As at the date of this announcement, Shandong Energy is the controlling shareholder of the Company, directly and indirectly holding approximately 55.76% of the issued share capital of the Company; Donghua Logistics Company and Yulin Logistics Company are both subsidiaries of Shandong Energy, therefore Donghua Logistics Company and Yulin Logistics Company are both connected persons of the Company. Accordingly, the transaction contemplated under the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition will be subject to the reporting and announcement requirements but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. OVERVIEW OF THE ACQUISITION

Background

Donghua Logistics Company was declared bankrupt by the Court in August 2020. After the approval by the creditors' meeting and the Court, the bankruptcy administrator publicly auctioned 62% of the equity interest in Yulin Logistics Company held by Donghua Logistics Company on the network platform of Shandong Property Right Exchange Center at the starting price of RMB5.9598 million.

On 25 October 2021, Shandong Duanxin Company won the bid for the 62% equity interest in Yulin Logistics Company, a subsidiary of Donghua Logistics Company (a wholly-owned subsidiary of Shandong Energy) by way of network platform public auction through Shandong Property Right Exchange Center, at a consideration of RMB5.9598 million. On 15 November 2021, Shandong Property Right Exchange Center issued the confirmation letter to Shandong Duanxin Company, which formally confirmed the settlement of the Acquisition at a final consideration of RMB5.9598 million and Shandong Duanxin Company has paid all the consideration to Shandong Property Right Exchange Center. Subsequently, the Court will issue a Court order based on the confirmation letter, and the relevant administrative department for market regulation will complete the registration of the change of the shareholding based on the Court order.

Date

15 November 2021

Major Terms

(a) Parties

Donghua Logistics Company (the 62% equity interest in Yulin Logistics Company of which was publicly auctioned by the bankruptcy administrator on the network platform of Shandong Property Right Exchange Center); and

Shandong Duanxin Company (As the Purchaser).

(b) Subject assets

62% of the equity interest in Yulin Logistics Company held by Donghua Logistics Company

(c) Consideration and its basis

Shandong Duanxin Company successfully won the bid of the equity interest, at the final consideration of RMB5.9598 million, equivalent to the starting price of the auction.

The consideration of the Acquisition is settled at RMB5.9598 million based on asset-based method by an independent qualified evaluation institute in the PRC. For the basis of the consideration, 31 October, 2020 taken as the valuation benchmark date, the carrying value of all shareholders' equity interest in Yulin Logistics Company was RMB61.2904 million, while the appraised value of all shareholders' equity interest which was based on asset-based method was RMB58.4272 million. The remaining amount of the appraised value of all shareholders' equity interest after deducting RMB48.8146 million dividends paid was RMB9.6126 million, in proportion to Donghua Logistics Company's shareholding ratio as 62%, the appraised value of Donghua Logistics Company's equity interest after deducting dividends paid was RMB5.9598 million.

(d) Payment

Shandong Duanxin Company shall pay all the consideration to Shandong Property Right Exchange Center in one lump sum.

(e) The change of shareholding

The Court will issue a Court order based on the confirmation letter, and the relevant administrative department for market regulation will complete the registration of the change of shareholding based on the Court order.

Reasons and benefits for the Acquisition

The Board is of the view that the Acquisition will improve the profitability, increase the size of business of Shandong Duanxin Company;

The Board is of the view that the Acquisition will be conducive to ensure smooth going of the coal transportation corridors of Jinjitan coal mine, and improve the capabilities of coal transportation scheduling and marketing of Jinjitan coal mine, as well as improve the overall operating efficiency of the Company.

The Board is of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole and will not have adverse impact on the present and future financial position and operation of the Company.

Implications of the Listing Rules

As at the date of this announcement, Shandong Energy is the controlling shareholder of the Company, directly and indirectly holding approximately 55.76% of the issued share capital of the Company; Donghua Logistics Company and Yulin Logistics Company are both subsidiaries of Shandong Energy, therefore Donghua Logistics Company and Yulin Logistics Company are both connected persons of the Company. Accordingly, the transaction contemplated under the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition is more than 0.1% but less than 5%, the Acquisition will be subject to the reporting and announcement requirements but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Acquisition has been approved by the Board meeting, at which three connected Directors (i.e. Mr. Li Wei, Mr. Liu Jian and Mr. Zhu Qingrui) were regarded as having a material interest in the Acquisition and abstained from voting on the relevant resolution. The other eight Directors considered and approved the Acquisition. Save as disclosed 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.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

II. INFORMATION ON PARTIES

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.

Shandong Duanxin Company

Shandong Duanxin Company was established in the PRC with limited liability in July 2015, which is a wholly-owned subsidiary of the Company. The principal business of Shandong Duanxin Company

includes transportation of general cargo and hazardous goods, warehouse services, wholesale of coal and relevant business.

Shandong Energy

Shandong Energy is a state-controlled limited liability company, 90% equity interest of which is held directly and indirectly by the State-owned Assets Supervision and Administration Commission of Shandong Province, and the rest 10% equity interest of which is indirectly held by the Department of Finance of Shandong Province. The principal business of Shandong Energy includes coal, thermal power generation, coal chemicals, high-end equipment manufacturing, new energy and materials, and modern trade and logistics.

Donghua Logistics Company

Donghua Logistics Company was established in the PRC with limited liability in March 2007, which is a wholly-owned subsidiary of Shandong Energy. The principal business of Donghua Logistics Company includes transportation of general cargo, domestic and international freight forwarders, transportation of hazardous goods, warehouse services, on-site transportation of loading and unloading, wholesale of coal and relevant business.

Yulin Logistics Company

General Information

Yulin Logistics Company was established in the PRC with limited liability in March 2007, with 62% equity interest held by Donghua Logistics Company, the rest 38% equity interest held by the independent third party Yulin Haohai Coal Handling Services Company Limited. The principal business of Yulin Logistics Company includes transportation general cargo, sales of coal, coal loading and unloading services, mining area cleaning services, coal information consulting services, freight information consulting services, parking services, coal screening, logistics information consulting services, on-site transportation of loading and unloading and relevant business.

Financial Information

Set out below is the audited consolidated financial statements of Yulin Logistics Company prepared in accordance with the PRC accounting standards for business enterprises:

Unit: RMB million

	Financial Year ended 31 December	
	2020	2019
Profit before taxation	12.5862	11.858
Profit after taxation	9.191	8.6726

III. DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

"Acquisition" Shandong Duanxin Company (a wholly-owned subsidiary of the Company) has won the bid for the 62% equity interest in Yulin Logistics Company, a subsidiary of Donghua Logistics Company (a wholly-owned subsidiary of Shandong Energy) by way of network platform public auction through Shandong Property Right Exchange

	Center, at a consideration of RMB5.9598 million.
"Board"	the board of Directors
"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 the PRC in 1997, and the H Shares and A Shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Court"	the People's Court of Zoucheng City, Shandong Province, the PRC (中國山東省鄒城市人民法院)
"Director(s)"	the director(s) of the Company
"Donghua Logistics Company"	Yankuang Donghua Logistics Company* (兗礦東華物流有限公司), a wholly-owned subsidiary of Shandong Energy
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the same meaning ascribed thereto under the Listing Rules
"PRC accounting standards for business enterprises "	Accounting Standards for Business Enterprises and the relevant regulations and explanations issued by the Ministry of Finance of the PRC
"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region
"RMB"	Renminbi, the lawful currency of the PRC
"Shandong Duanxin Company"	Shandong Duanxin Supply Chain Management Company Limited* (山東端信供應鏈管理有限公司), a wholly-owned subsidiary of the Company
"Shandong Energy" or "controlling shareholder"	Shandong Energy Group Company Limited* (山東能源集團有限公司), a company with limited liability reformed and established under the laws of the PRC on 12 March 1996, the controlling shareholder of the Company holding 55.76% shares of the Company
"Shandong Property Right Exchange Center "	Shandong Property Right Exchange Center Company Limited* (山東產權交易中心有限公司)
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Yulin Logistics Company"	Yankuang Donghua Yulin Logistics Company* (兗礦東華榆林物流有限公司), a subsidiary of Donghua Logistics Company

"%"

percentage

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

Zoucheng, Shandong Province, the PRC
16 November 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.