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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)

CLARIFICATION ANNOUNCEMENT IN RELATION TO MEDIA REPORTS

This announcement is made by Yanzhou Coal Mining Company Limited (“**Yanzhou Coal**” or the “**Company**”) in accordance with the disclosure obligations under Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and reference is made, among others, to the announcement published by the Company on 30 September 2020 relating to a major and connected transaction between Yankuang Group Company Limited (“**Yankuang Group**”) and the Company.

I. OVERVIEW OF THE REPORT

Recently, the Company noted certain media reports on “Yanzhou Coal: Substantial Cash Related Acquisition in Relief of Major Shareholder”, and has been reprinted in other media. Based on the attitude of being responsible to investors and various stakeholders, the Company has verified the contents of relevant reports, and considered that the description in the report is inconsistent with the facts. In order to avoid misleading investors, the Company hereby provides clarification statements.

II. CLARIFICATION STATEMENTS

(1) It was mentioned in the report that “investment income increased sharply: self-manipulated”

Clarification statement: From 2017 to 2019, the Company’s investment income accounted for 12.20%, 18.20% and 15.61% of the net profit, respectively. There does not exist any year-on-year increase in investment income, and the Company does not conceal the decline in performance with increasing investment income. The higher proportion in the first half of 2020 was mainly due to the Company’s acquisition of 10% equity interest in the Moolarben Coal Joint Venture in order to optimize the industrial layout and enhance the sustainable development and profitability. Upon completion of the transaction, the original 85% equity interest in the Moolarben Coal Joint Venture shall be re-measured at fair value. According to

the valuation results, the Company recognized an investment income of RMB3.401 billion in the first half of 2020 (for details, please refer to the section headed “Notes to the Consolidated Financial Statements – Investment Income” in the Notes to the Financial Statements of the 2020 Interim Report of the Company).

(2) The report mentioned “elusive capital increase”

Clarification statement: In order to improve the Company’s industrial layout in Shaanxi and Inner Mongolia base, increase resource reserves and enhance development potential, the Company participated in the capital increase project of Inner Mongolia Mining (Group) Co., Ltd. (“**Inner Mongolia Mining**”). By implementing the capital increase project, firstly, it will be beneficial to the construction of Shaanxi-Inner Mongolia region as the strategic core base of the Company. Inner Mongolia Mining is a mining operation platform of Inner Mongolia Autonomous Region and owns three coal resource interests including Galutu, Liusanqidan and Yingpanhao, with approximately 4.8 billion tonnes of coal resource interests. In addition, it owns 100% interest in Caosiqi Molybdenum Mine. By participating in the capital increase and controlling Inner Mongolia Mining, it is conducive to making full use of their respective comparative advantages and building the Shaanxi-Inner Mongolia region into a strategic core base to support the Company’s development. Secondly, it is conducive to ensuring the Company’s absolute control over Ordos Yingpanhao Coal Co., Ltd. (“**Yingpanhao Company**”) and ensuring the development of existing resources and project construction. Meanwhile, as a very healthy and sustainable enterprise, the Company can ensure the capital needs for the capital increase project of Inner Mongolia Mining with relatively abundant cash and smooth financing channels, and there does not exist any tension in funding.

(3) Reference to “Exhausting its own funds to assist Major Shareholder” in the reports

Clarification statement:

1. Issues in relation to high premium acquisition of assets with “inferior quality” from major shareholder.

The valuations of the target companies and assets related to the acquisition of Yankuang Group are within the reasonable range of the valuation of listed companies in the same industry (For further information, please refer to the Company’s announcement dated 30 September 2020 regarding the acquisition of related assets from Yankuang Group and related transaction). On the other hand, the appraised values of those assets were appraised by Pan-China Assets Appraisal Co., Ltd., which is qualified to engage in securities and futures, and filed with the competent state-owned assets regulatory authorities or their authorized entities. The appreciation in the appraised values is mainly due to the appreciation of mining rights in intangible assets, and the appraised values are fair. The assets to be acquired are high-quality assets within Yankuang Group, with strong profitability, and there does not exist any high premium to acquire assets of “inferior quality” from major shareholder.

For further information regarding the major and connected transaction between Yankuang Group and the Company, please refer to the announcement published by the Company on 30 September 2020 and the related circular which is expected to be despatched by the Company on or before 20 November 2020.

2. With respect to the issue of dividend distribution by way of exhausting its own funds.

Distribution of cash dividends by listed companies is an important way to reward investors, provide investors with reasonable investment returns, and provide investors with the opportunity to share the results of economic growth. It is the responsibility and obligation of listed companies as required by the China Securities and Regulations Commission (“CSRC”) and the Shanghai Stock Exchange, and is a specific reflection of cultivating the concept of long-term investment in the capital market and enhancing the vitality and attractiveness of the capital market. For over 20 years since its listing, Yanzhou Coal has distributed cash dividends to all shareholders continuously according to its own dividend policy and actual operation. It is the specific performance of a highly responsible and excellent listed company, which is in line with the concept advocated by CSRC and the fundamental interests of all shareholders of the Company. There does not exist any dividend distribution by exhausting its own funds, and there is no circumstance of providing financial support to Yankuang Group in disguised form.

III. RISK WARNING

The Company solemnly reminds investors should refer to the Company’s announcements for the relevant information. Investors are advised to make rational investments and be aware of risks.

By Order of the Board
Yanzhou Coal Mining Company Limited
Li Xi Yong
Chairman

Zoucheng, Shandong, the PRC
23 October 2020

As at the date of this announcement, the directors of the Company are Mr. Li Xi Yong, Mr. Wu Xiang Qian, Mr. Liu Jian, Mr. Zhao Qing Chun, Mr. He Jing and Mr. Wang Ruo Lin and the independent non-executive directors of the Company are Mr. Tian Hui, Mr. Zhu Li Min, Mr. Cai Chang and Mr. Poon Chiu Kwok.