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: 1171)

CONTINUING CONNECTED TRANSACTIONS

On 9 December 2020, the Company entered into the Proposed Yankuang Continuing Connected Transaction Agreements with Yankuang Group relating to the renewal of certain Existing Yankuang Continuing Connected Transaction Agreements. The Proposed Yankuang Continuing Connected Transaction Agreements are subject to the Independent Shareholders' approval at the EGM.

Certain subsidiaries of the Company entered into the Existing Glencore Continuing Connected Transaction Agreements with Glencore and its certain subsidiaries, which will renewed automatically or have indefinite terms. The renewal and the proposed annual caps of the Existing Glencore Continuing Connected Transaction Agreements (as the case maybe) are subject to the Independent Shareholders' approval at the EGM.

Yankuang Group is a controlling shareholder of the Company directly and indirectly holding 56.01% of the issued share capital of the Company as at the date of this announcement and thus a connected person of the Company under the Hong Kong Listing Rules. Glencore, through its wholly-owned subsidiary, is interested in more than 10% of the interest in the HVO Joint Venture and the companies associated with it, and is thus a substantial shareholder of the HVO Joint Venture and the companies associated with it. The HVO Joint Venture and the companies associated with it are indirect subsidiaries of the Company. Glencore is accordingly a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the subsidiaries of the Company pursuant to Rule 14A.07 of the Hong Kong Listing Rules. Accordingly, the Proposed Yankuang Continuing Connected Transaction Agreements, the Existing Glencore Continuing Connected Transaction Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules. Among the Proposed Yankuang Continuing Connected Transaction Agreements, since the highest applicable percentage ratio in respect of the highest annual cap under the Proposed Finance Lease Agreement is more than 5% but less than 25%, the Proposed Finance Lease Agreement also constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

The Board has approved (1) the establishment of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the Proposed Provision of Materials Supply Agreement, the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Entrust Management Agreement, the Proposed Finance Lease Agreement, the Existing Glencore Framework Coal Sales Agreement, the Existing Glencore Coal Purchase Agreement, and their respective proposed annual caps, and the respective annual caps of the Existing HVO Services Contract and the Existing HVO Sales Contracts; and (2) the appointment of an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and their respective proposed annual caps. A circular containing, among other things, particulars of the Proposed Continuing Connected Transaction Agreements and the respective proposed annual caps, a letter from the Independent Board Committee and a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders, is expected to be despatched to the Shareholders on or before 15 January 2021, as additional time is required to prepare and finalise the information to be included in the circular, such as the letter from the Board and the letter of advice from the independent financial adviser.

Background

References are made to the announcements of the Company dated 27 November 2017 and 30 December 2019 and the circular of the Company dated 11 January 2018, respectively, in relation to, among others, the Existing Yankuang Continuing Connected Transactions under the respective Existing Yankuang Continuing Connected Transaction Agreements for the provision of goods and/or services between certain members of Yankuang Group and the Group.

References are made to the announcements of the Company dated 29 June 2018, 6 August 2018 and 2 November 2018 and the circular of the Company dated and 8 August 2018 respectively, in relation to, among others, the Existing Glencore Continuing Connected Transactions under the respective Existing Glencore Continuing Connected Transaction Agreements for the provision of goods and/or services between certain members of Glencore Group and Yancoal Australia.

In this announcement, references to the Company and Yankuang Group in relation to the provision of products, materials or services in connection with continuing connected transactions shall include, in the case of the Company, its subsidiaries, or, in the case of Yankuang Group, its subsidiaries and its associates, excluding the Group; references to Yancoal Australia and Glencore Group in relation to the provision of products, materials or services in connection with continuing connected transactions shall include, in the case of Yancoal Australia, its subsidiaries or, in the case of Glencore Group, its subsidiaries and its associates,

The Existing Yankuang Continuing Connected Transaction Agreements include:

1. Existing Provision of Materials Supply Agreement
2. Existing Mutual Provision of Labour and Services Agreement
3. Existing Provision of Insurance Fund Administrative Services Agreement
4. Existing Provision of Products, Materials and Equipment Leasing Agreement
5. Existing Bulk Commodities Sale and Purchase Agreement
6. Existing Entrusted Management Agreement
7. Existing Finance Lease Agreement

The Existing Glencore Continuing Connected Transaction Agreements include:

1. Existing Glencore Framework Coal Sales Agreement
2. Existing Glencore Coal Purchase Agreement
3. Existing HVO Services Contract
4. Existing HVO Sales Contract

On 9 December 2020, the Company entered into the Proposed Yankuang Continuing Connected Transaction Agreements with Yankuang Group relating to the renewal of certain Existing Yankuang Continuing Connected Transaction Agreements. The Proposed Yankuang Continuing Connected Transaction Agreements are subject to the Independent Shareholders' approval at the EGM.

On 9 December 2020, the Board approved the renewal and the proposed annual caps of the Existing Glencore Continuing Connected Transaction Agreements (as the case maybe). The renewal and the proposed annual caps of the Existing Glencore Continuing Connected Transaction Agreements (as the case maybe) are subject to the Independent Shareholders' approval at the EGM.

Yankuang Group is a controlling shareholder of the Company directly and indirectly holding 56.01% of the issued share capital of the Company as at the date of this announcement, and thus a connected person of the Company under the Hong Kong Listing Rules. Yancoal Australia is a controlled subsidiary of the Company, and the HVO Joint Ventures and the companies associated are indirect subsidiaries of the Company. Glencore, through its wholly-owned subsidiary, is interested in more than 10% of the interest in the HVO Joint Venture and the companies associated with it, and is thus a substantial shareholder of the HVO Joint Venture and the companies associated with it. Glencore is accordingly a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the subsidiaries of the Company pursuant to Rule 14A.07 of the Hong Kong Listing Rules. Accordingly, the Proposed Yankuang Continuing Connected Transaction Agreements, the Existing Glencore Continuing Connected Transactions and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

I. RENEWAL OF EXISTING YANKUANG CONTINUING CONNECTED TRANSACTIONS

1. The Proposed Provision of Materials Supply Agreement

On 27 November 2017, the Company entered into the Existing Provision of Materials Supply Agreement with Yankuang Group for a term of three years commencing from 1 January 2018 to 31 December 2020. Please refer to the announcement of the Company dated 27 November 2017 and the circular of the Company dated 11 January 2018 for the details of the Existing Provision of Materials Supply Agreement.

The Proposed Provision of Materials Supply Agreement

On 9 December 2020, the Company entered into the Proposed Provision of Materials Supply Agreement with Yankuang Group to renew the Existing Provision of Materials Supply Agreement on substantially the same terms.

Date

9 December 2020

Parties

(1) the Company; and
(2) Yankuang Group

Term

Three years commencing from 1 January 2021 and expiring on 31 December 2023

Major terms

Yankuang Group would provide the following materials to the Company: methanol, underground supporting and protection materials, equipment accessories for coalmine operation, safety protection materials, informationization facilities, grease and oil materials and other general materials.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies or services that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Provision of Materials Supply Agreement.

Payment

(1) The payment of consideration of the Proposed Provision of Materials Supply Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.

(2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Provision of Materials Supply Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

All materials would be supplied at Market Price and such price shall in so far as possible be calculated and estimated before the commencement of each financial year.

To determine the Market Price, the purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

For more relevant details in relation to the determination of the Market Price, please refer to the section headed “2. The Proposed Mutual Provision of Labour and Services Agreement” of this announcement.

Yankuang Group has undertaken that the price of such supplies would not be higher than the price offered by Yankuang Group to any independent third parties for the same type of materials under any circumstances.

In the event that the terms of provision of any materials by any third party are better than the terms offered by Yankuang Group or if the provision of such materials by Yankuang Group cannot meet the demand of the Company, the Company would be entitled to purchase any such materials from third parties.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Provision of Materials Supply Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Provision of Materials Supply Agreement for the two financial years ended 31 December 2019 and the six months ended 30 June 2020:

Year ended 31 December 2018		**Year ended 31 December 2019**		**Year ending 31 December 2020**	**Period from 1 January 2020 to 30 June 2020**
Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*
300,000	296,747	300,000	275,204	300,000	104,750

As at the date of this announcement, the existing annual cap for the year 2020 has not been exceeded and, to the expectation of the Company, will not be exceeded as at the end of the year 2020.

Considering that (i) after the reorganization with Shandong Energy Group, Yankuang Group enhanced its production capacity and is able to provide a wider variety of materials; and (ii) a newly-added subsidiary of the Company, Yankuang Lunan Chemicals Co., Ltd. (兗礦魯南化工有限公司), will also procure methanol from Yankuang Group, the transaction volume of materials supply between the Group and Yankuang Group is expected to increase. Based on such, the Board proposed that the total annual amounts payable by the Company to Yankuang Group under the Proposed Provision of Materials Supply Agreement shall not exceed RMB900,000,000, RMB1,000,000,000 and RMB1,100,000,000 for each of the three financial years ending 31 December 2021, 2022 and 2023.

Reasons and benefits for entering into the Proposed Provision of Materials Supply Agreement

The materials provided by Yankuang Group to the Company are mining and factory tools and equipment used in ordinary mining production of the Company. The steady business expansion of the Company requires for stable suppliers of mining production materials. Certain materials provided by Yankuang Group are better in quality than those provided by external suppliers and it is rather difficult for the Company to source materials with comparable quality, specifications and value from other external suppliers. Furthermore, since Yankuang Group's production sites are close to the Company's coal mines, the transportation of such materials is convenient and at a relatively lower cost.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios for the transactions under the Proposed Provision of Materials Supply Agreement exceeds 0.1% but is less than 5% on an annual basis, the Proposed Provision of Materials Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Provision of Materials Supply Agreement and the transactions contemplated thereunder for the Independent Shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) consider that the Proposed Provision of Materials Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

2. The Proposed Mutual Provision of Labour and Services Agreement

On 27 November 2017, the Company entered into the Existing Mutual Provision of Labour and Services Agreement with Yankuang Group for a term of three years commencing from 1 January 2018 to 31 December 2020. Please refer to the announcement of the Company dated 27 November 2017 and the circular of the Company dated 11 January 2018 for the details of the Existing Mutual Provision of Labour and Services Agreement.

The Proposed Mutual Provision of Labour and Services Agreement

On 9 December 2020, the Company entered into the Proposed Mutual Provision of Labour and Services Agreement to renew the Existing Mutual Provision of Labour and Services Agreement on substantially the same terms.

Date

9 December 2020

Parties

(1) the Company; and
(2) Yankuang Group

Term

Three years commencing from 1 January 2021 and expiring on 31 December 2023

Major terms

Provision of labour and services by the Company to Yankuang Group:

Pursuant to the Proposed Mutual Provision of Labour and Services Agreement, the Company has agreed to provide Yankuang Group with services including training services, transportation services, repair and maintenance services, and informationization and telecommunication services.

Provision of labour and services by Yankuang Group to the Company:

Pursuant to the Proposed Mutual Provision of Labour and Services Agreement, Yankuang Group has agreed to provide the Company with services including property management services, repair and maintenance services, construction engineering and management services, individual employee benefits, retiree benefits, asset leasing and relevant services, canteen operation services, guarantee services, security services (including security guard services and coal train convoy services) and technology services.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the labour or services that it requires in the coming year and the parties shall agree on an annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Mutual Provision of Labour and Services Agreement.

Payment

(1) The payment of consideration of the Proposed Mutual Provision of Labour and Services Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.

(2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Mutual Provision of Labour and Services Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

In respect of the provision of construction engineering and management services, repair and maintenance services, canteen operation services, guarantee services, security guard services in security services, asset leasing and technology services by Yankuang Group to the Company, the consideration shall be determined according to the Market Price (as defined below).

In respect of the provision of training services, transportation services, repair and maintenance services, and informationization and telecommunication services by the Company to Yankuang Group, the consideration shall be determined according to the Market Price.

The Market Price shall in so far as possible be calculated and estimated before the commencement of each financial year.

"**Market Price**" shall be determined according to normal commercial terms based on the following:

(i) the price offered by independent third parties for provision of the same or similar type of services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such independent third parties; or

(ii) if paragraph (i) above is not applicable, the price offered by independent third parties in the PRC for provision of the same or similar type of services under normal commercial terms in the ordinary course of business of such independent third parties.

To determine the Market Price, the sales department or purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department or purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

With respect to the labour and services provided or received by the Company to or from Yankuang Group according to the Market Price, the Company or the subsidiaries of the Company that provide or receive such labour and services would collect market data and conduct research on the market prices of similar labour and services when entering into the relevant transactions so as to ensure the price of which is fair and reasonable.

In respect of the provision of property management services, individual employee benefits services, and retiree benefits services by Yankuang Group to the Company, the consideration shall be determined according to the Cost Price (as defined below).

"**Cost Price**" is the transaction price determined based on the actual cost. The actual cost is the cost of providing the subject matter of the transaction by the providing party. For the purpose of computing the actual cost, Yankuang Group shall provide the Company with full account books and records in respect of the costs of such services.

The consideration for the provision of property management services by Yankuang Group shall be equal to the sum of the total costs for providing such services by Yankuang Group to the Company and itself multiplied by the proportion of the total number of employees in respect of the services received by the Company to the total number of employees in respect of the services received by Yankuang Group and the Company.

The individual employee benefits to be paid shall be equal to the actual cost incurred from the provision of such services by Yankuang Group.

The retiree benefits to be paid shall be equal to 18% of the total salaries of the employees of the Group at the relevant time, which are estimated based on the historical amounts of the previous provision of the services by Yankuang Group and taking into account changes in future. If the actual retiree benefits to be paid exceed the aforementioned estimate, Yankuang Group will pay the excess amount.

The consideration for the provision of coal train convoy services in security services by Yankuang Group to the Company shall be determined based on the Cost Price plus reasonable profit. Reasonable profit normally represents 5% of the Cost Price, which is determined through commercial negotiation between parties with reference to the general profit margin of the service industry. If the difference between the delivery weight and the arrival weight is within the range of natural and reasonable losses specified by or agreed on by the Company, the fees will be determined based on the delivery weight of the coal at RMB2.35 per tonne.

Yankuang Group has undertaken that the price of such labour and services would not be higher than the price offered by Yankuang Group to any independent third parties for the same type of labour and services under any circumstances.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Mutual Provision of Labour and Services Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the labour and services provided under the Existing Mutual Provision of Labour and Services Agreement for the two financial years ended 31 December 2019 and the six months ended 30 June 2020:

Category	**Year ended 31 December 2018**		**Year ended 31 December 2019**		**Year ending 31 December 2020**	**Period from 1 January 2020 to 30 June 2020**
	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*
Provision of labour and services by Yankuang Group to the Company:						
heat supply services	85,000	46,198	95,000	83,554	110,000	44,939
property management services	140,000	137,200	140,000	6,333	140,000	0
retiree benefits	887,000	651,386	975,700	655,438	1,073,270	349,659
individual employee benefits	40,000	20,702	45,000	15,904	50,000	6,365
informationization and telecommunication	90,000	14,399	100,000	49,132	110,000	3,425
repair and maintenance services	120,000	25,324	130,000	102,834	140,000	1,819
construction engineering and management services	1,100,000	1,044,908	900,000	896,497	700,000	119,166
asset leasing and relevant services	50,000	24,524	50,000	4,708	50,000	1,822
guarantee services	325,000	206,132	325,000	179,315	325,000	82,436
canteen operation services	18,000	12,993	18,000	12,761	18,000	11,896
security services	52,000	51,500	52,000	50,480	52,000	24,567
sub-total	**2,907,000**	**2,235,266**	**2,830,700**	**2,056,956**	**2,768,270**	**646,094**

Category	Year ended 31 December 2018		Year ended 31 December 2019		Year ending 31 December 2020	Period from 1 January 2020 to 30 June 2020
	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*
Provision of labour and services by the Company to Yankuang Group:						
training services	10,000	4,280	10,000	5,553	10,000	1,467
transportation services	126,500	41,408	126,500	74,010	126,500	25,163
repair and maintenance services	28,000	3,220	30,000	17,196	30,000	0
consultancy services	12,600	0	12,600	0	12,600	0
sub-total	**177,100**	**48,908**	**179,100**	**96,759**	**179,100**	**26,630**
Total	**3,084,100**	**2,284,174**	**3,009,800**	**2,153,715**	**2,947,370**	**672,724**

Note: Due to change in business model, Zhongyin International Trade did not provide consultancy services to Shanghai Zhongqi for the three years ended 31 December 2020.

As at the date of this announcement, the existing annual cap for the year 2020 has not been exceeded and, to the expectation of the Company, will not be exceeded as at the end of the year 2020.

Having considered the historical figures and the reasons set out below, the Board proposed that the total amounts of the service fees payable by the Company to Yankuang Group under the Proposed Mutual Provision of Labour and Services Agreement shall not exceed RMB2,787,000,000, RMB3,139,000,000 and RMB3,203,000,000 for the three financial years ending 31 December 2021, 2022 and 2023, respectively, and the total amounts of the service fees payable by Yankuang Group to the Company under the Proposed Mutual Provision of Labour and Services Agreement shall not exceed RMB170,000,000, RMB195,000,000 and RMB220,000,000 for the three financial years ending 31 December 2021, 2022 and 2023, respectively.

Set out below are the proposed annual caps for each category of services under the Proposed Mutual Provision of Labour and Services Agreement for each of the three financial years ending 31 December 2023:

Category	**Annual cap for the year ending 31 December 2021** *(RMB'000)*	**Annual cap for the year ending 31 December 2022** *(RMB'000)*	**Annual cap for the year ending 31 December 2023** *(RMB'000)*
Provision of labour and services by Yankuang Group to the Company:			
property management services	12,000	12,000	13,000
repair and maintenance services	300,000	320,000	350,000
construction engineering and management services	1,200,000	1,500,000	1,500,000
individual employee benefits	40,000	40,000	40,000
retiree benefits	700,000	700,000	700,000
asset leasing and relevant services	80,000	90,000	100,000
canteen operation services	40,000	42,000	45,000
guarantee services	300,000	300,000	300,000
security services	85,000	95,000	105,000
technology services	30,000	40,000	50,000
Sub-total	**2,787,000**	**3,139,000**	**3,203,000**
Provision of labour and services by the Company to Yankuang Group:			
training services	10,000	10,000	10,000
transportation services	80,000	90,000	100,000
repair and maintenance services	60,000	70,000	80,000
informationization and telecommunication services	20,000	25,000	30,000
sub-total	**170,000**	**195,000**	**220,000**
total	**2,957,000**	**3,334,000**	**3,423,000**

The proposed annual caps for the transactions under the Proposed Mutual Provision of Labour and Services Agreement are determined mainly based on the following reasons:

Basis of the proposed caps for services provided by Yankuang Group to the Company

(1) According to national policy, the Company needs to transfer its supply facilities and utility facilities to the state, and thus its demand for the property management services from Yankuang Group will decrease significantly. Thus, the annual service fees for the property management services provided by Yankuang Group to the Company are expected to decrease significantly, and it is expected that the annual expenses of the Group for property management services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB12,000,000, RMB12,000,000 and RMB13,000,000, respectively;

(2) Considering (i) the aging of mining and factory equipment as well as buildings, the growth in the Company's maintenance demand; (ii) Shandong Energy Heavy Equipment Group Taizhuang Project Equipment Manufacture Co., Ltd. (山東能源重裝集團泰裝工程裝備製造有限公司), a subsidiary of Shandong Energy Group, is capable of providing large equipment repair and maintenance services to the Company after the completion of the reorganization between Yankuang Group and Shandong Energy Group; and (iii) the increase of the prices of materials, it is expected that the annual expenses of the Group for repair and maintenance services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB300,000,000, RMB320,000,000 and RMB350,000,000, respectively;

(3) In light of the completion and acceptance inspection for the coal chemical projects, the construction plan of Wanfu Coal Mine and coal washing plants and the subsequent development and construction of Inner Mongolia Mining, it is expected that the annual expenses of the Group for construction engineering services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB1,200,000,000, RMB1,500,000,000 and RMB1,500,000,000, respectively;

(4) Given that the Company completed several acquisition projects in relation to Yankuang Group's assets in 2020, the total number of employees of the Group increased, and it is expected that the annual expenses of the Group for individual employee benefits for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB40,000,000, RMB40,000,000 and RMB40,000,000, respectively;

(5) As the Company is going to implement the enterprise pension arrangements (企業年金), the amount of the retiree benefits is not expected to increase from 2021. It is expected that the annual expenses of the Group for retiree benefits for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB700,000,000, RMB700,000,000 and RMB700,000,000, respectively;

(6) Given the mutually supplemental advantages between Shandong Energy Heavy Equipment Group Taizhuang Project Equipment Manufacture Co., Ltd. (山東能源重裝集團泰裝工程裝備製造有限公司), a newly added subsidiary of Yankuang Group after the reorganization between Yankuang Group and Shandong Energy Group, and the Company in the need of the production of inter-mine equipment. Thus, it is expected that the annual expenses of the Group for asset leasing and relevant services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB80,000,000, RMB90,000,000 and RMB100,000,000, respectively;

(7) Currently Shandong Yankuang Cinda provides canteen operation services to Ordos Neng Hua,Yulin Neng Hua and Heze Neng Hua. Considering that the Company will gradually implement professional operation of canteens, streamline the size of the logistics department and entrust the restaurant to specialized companies of the Yankuang Group, it is expected that the annual expenses of the Group for canteen operation services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB40,000,000, RMB42,000,000 and RMB45,000,000, respectively;

(8) Considering that the Company is in need of the guarantee provided by Yankuang Group, it is expected that the annual expenses of the Group for guarantee services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB300,000,000, RMB300,000,000 and RMB300,000,000, respectively;

(9) Security services include train convoy services and security guard services. Considering (i) the volume of coal transported by train in the next three financial years is expected to increase; (ii) the increased salary of security employees; and (iii) the cancellation of security department in the Company and the increasing demand for security guard services of new subsidiaries, the demand for security guard services of the Group is expected to significantly increase. Thus, it is expected that the annual expenses of the Group for security services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB85,000,000, RMB95,000,000 and RMB105,000,000, respectively; and

(10) The Company is planning to build smart coalmines and increase investment in technology to improve production efficiency, and Yankuang Group can provide technical support services to the construction of "smart mine". As a result, technology services are newly added to the Proposed Mutual Provision of Labour and Services Agreement, and it is expected that the annual expenses of the Group for technology services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB30,000,000, RMB40,000,000 and RMB50,000,000, respectively.

Basis of the proposed caps for services provided by the Company to Yankuang Group

(1) Having considered the increase in the number of employees and the demand for education and training after the reorganization between Yankuang Group and Shandong Energy Group, it is expected that the annual revenue of the Group for training services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB10,000,000, RMB10,000,000 and RMB10,000,000, respectively;

(2) In accordance with the demands by Yankuang Group, the Railway Transportation Department of the Company and Shandong Duanxin Supply Chain Management Co. Ltd.*(山東端信供應鏈管理有限公司), a subsidiary of the Company, will provide railway transportation and automobile transportation to Yankuang Group respectively. It is expected that the annual revenue s of the Group for transportation services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB80,000,000, RMB90,000,000 and RMB100,000,000, respectively;

(3) Donghua Heavy Industry, a wholly-owned subsidiary of the Company, will provide repair and maintenance services to Yankuang Group based on actual needs. Due to increase in raw material costs and labour costs, it is expected that the annual revenue of the Group for repair and maintenance services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB60,000,000, RMB70,000,000 and RMB80,000,000n, respectively; and

(4) In 2020, the Company acquired the Informationization Center from Yankuang Group, which will provide telephone, broadband digital television and system maintenance services to Yankuang Group from 2021. It is expected that the annual revenue of the Group for informationization and telecommunication services for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB20,000,000 RMB25,000,000 and RMB30,000,000, respectively.

Reasons and benefits for entering into the Proposed Mutual Provision of Labour and Services Agreement

As regards the provision of labour and services by Yankuang Group, since both Yankuang Group and the Company are situated in Zoucheng, Shandong Province, the Company can obtain timely and reliable supply of labour and services from Yankuang Group, thereby reducing the operational costs and risks which helps to enhance the daily operation efficiency of the Company. With respect to canteen operation services, Shandong Yankuang Cinda, has the qualification to provide canteen operation services and extensive operation experience, as such, the Company could enjoy a safe, stable and quality-assured canteen services by obtaining the relevant services from Yankuang Group under normal commercial terms.

As regards the provision of labour and services by the Company to Yankuang Group, since the Company has professional qualification of and management experience in providing services such as training services, transportation services, repair and maintenance services and informationization and telecommunication services, the Company can enjoy operating profits by providing such services to Yankuang Group at a fair price.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Mutual Provision of Labour and Services Agreement exceeds 5% on an annual basis, the Proposed Mutual Provision of Labour and Services Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Mutual Provision of Labour and Services Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

3. The Proposed Provision of Insurance Fund Administrative Services Agreement

On 27 November 2017, the Company entered into the Existing Provision of Insurance Fund Administrative Services Agreement with Yankuang Group for a term of three years commencing from 1 January 2018 to 31 December 2020. Please refer to the announcement of the Company dated 27 November 2017 and the circular of the Company dated 11 January 2018 for the details of the Existing Provision of Insurance Fund Administrative Services Agreement.

The Proposed Provision of Insurance Fund Administrative Services Agreement

On 9 December 2020, the Company entered into the Proposed Provision of Insurance Fund Administrative Services Agreement with Yankuang Group to renew the Existing Provision of Insurance Fund Administrative Services Agreement on substantially the same terms.

Date

9 December 2020

Parties

(1) the Company; and
(2) Yankuang Group

Term

Three years commencing from 1 January 2021 and expiring on 31 December 2023

Major terms

Yankuang Group has undertaken to be responsible for the management of basic pension insurance payments and supplementary medical insurance payments to the employees of the Group on a free-of-charge basis under the Proposed Provision of Insurance Fund Administrative Services Agreement.

The Company would pay to Yankuang Group each month an amount equivalent to (1) 18% of the total monthly salaries of the employees of the Group as basic pension payment; and (2) 2% of the total monthly salaries of the employees of the Group as the supplementary medical insurance payments to a designated account maintained by Yankuang Group, which would be transferred by Yankuang Group on behalf of the employees of the Group to the relevant social welfare authorities maintained by the local government on a free-of-charge basis. The respective proportion of the relevant insurance payments will be adjusted from time to time according to the changes of the respective proportion of the payments pursuant to the relevant laws and regulations.

Yankuang Group would provide the Company with a statement of the various insurance fund payments each year and the Company would be entitled to monitor and inspect the payment and application of such moneys.

Pricing

The provision of insurance fund administrative services under the Proposed Provision of Insurance Fund Administrative Services Agreement is on a free-of-charge basis.

The historical amount, proposed annual caps and reasons

The historical amounts of the insurance fund transferred under the free transfer services provided by Yankuang Group to the Company for the financial years ended 31 December 2018, 2019 and the six months ended 30 June 2020 were RMB900,552,000, RMB961,616,000 and RMB357,237,000, respectively. As the provision of insurance fund administrative services by Yankuang Group is on a free-of-charge basis under the Existing Provision of Insurance Fund Administrative Services Agreement, there is no historical amount and no annual cap is required to be set for the provision of such services.

Due to adjustments in social insurance policy, basic medical insurance payments, unemployment fund payments, maternity insurance payments and employment injury insurance payments shall be made by the Company directly to relevant tax authorities. According to the applicable PRC regulations, the Company has to provide an annual estimate of the amounts of the insurance fund payments transferred by Yankuang Group on behalf of the employees of the Group to the relevant social welfare authorities maintained by the local government on a free-of-charge basis. Along with the growing prosperity of the industry and the expansion of business of the Company, the total amount of salaries linked to the performance of employees has been increasing. In addition, the insurance fees will increase by 10% on an annual basis due to corresponding increase in the salary of the employees. Considering the above reasons, pursuant to the Proposed Provision of Insurance Fund Administrative Services Agreement, the Company estimates that the amounts of insurance fund of the free transfer services provided by Yankuang Group to the Company for the three financial years ending 31 December 2021, 2022 and 2023 will be RMB770,000,000, RMB847,000,000 and RMB931,700,000, respectively.

Reasons and benefits for entering into the Proposed Provision of Insurance Fund Administrative Services Agreement

The Company does not have the resources to provide social services. The social services such as basic pension and supplemental medical insurance under the Proposed Provision of Insurance Fund Administrative Services Agreement are essential to the Group and it would be the most efficient if the transfer services are provided by Yankuang Group on a free-of-charge basis.

Implications of the Hong Kong Listing Rules

As the insurance fund administrative services will be provided by Yankuang Group on a free-of-charge basis, the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions contemplated thereunder are exempt from all reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules, and no annual cap is required to be set for the provision of such services.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions thereunder for the Independent Shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) consider that the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions contemplated thereunder are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

4. The Proposed Provision of Products, Materials and Asset Leasing Agreement

On 27 November 2017, the Company entered into the Existing Provision of Products, Materials and Equipment Leasing Agreement with Yankuang Group for a term of three years commencing from 1 January 2018 to 31 December 2020. On 7 February 2020, Dongjiang Real Estate and Shanghai Yankuang Xinda entered into the Dongjiang Lease Agreement in relation to the lease of Dongjiang Pearl Plaza. Please refer to the announcements of the Company dated 27 November 2017 and 7 February 2020, and the circular of the Company dated 11 January 2018 for the details of the Existing Provision of Products, Materials and Equipment Leasing Agreement and the Dongjiang Lease Agreement.

The Proposed Provision of Products, Materials and Asset Leasing Agreement

On 9 December 2020, the Company entered into the Proposed Provision of Products, Materials and Asset Leasing Agreement with Yankuang Group to renew the Existing Provision of Products, Materials and Equipment Leasing Agreement on substantially the same terms. To better manage the assets leasing between the Company and Yankuang Group, the Company and Yankuang Group decided to consolidate the currently effective Dongjiang Lease Agreement into the Proposed Provision of Products, Materials and Asset Leasing Agreement.

Date

9 December 2020

Parties

(1) the Company; and
(2) Yankuang Group

Term

Three years commencing from 1 January 2021 and expiring on 31 December 2023

Major Terms

Pursuant to the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Company would provide the followings to Yankuang Group: coal products, electricity, materials (including but not limited to steel, non-ferrous metal, timber, grease and oil products, axles, mining equipment and machineries such as hydraulic support and rubber conveyors, and other similar materials) and asset leasing.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies or services that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Provision of Products, Materials and Asset Leasing Agreement.

Payment

(1) The payment of consideration of the Provision of Products, Materials and Asset Leasing Agreement can be settled on a one-off basis or by instalment in accordance paragraph (2) below.

(2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Provision of Products, Materials and Asset Leasing Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The price of coal products, materials and asset leasing shall be determined according to the Market Price.

The price of electricity shall be determined based on the price approved by the relevant government authorities (including but not limited to Shandong Province Price Bureau and Jining Municipal Price Bureau) and would be settled according to the actual amounts used by Yankuang Group.

To determine the Market Price, the sales department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Provision of Products, Materials and Asset Leasing Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Provision of Products, Materials and Equipment Leasing Agreement for the two financial years ended 31 December 2019 and the six months ended 30 June 2020:

Category	**Year ended 31 December 2018**		**Year ended 31 December 2019**		**Year ending 31 December 2020**	**Period from 1 January 2020 to 30 June 2020**
	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*
coal sales	2,272,500	2,269,360	2,638,000	1,244,961	2,771,000	1,035,437
materials supply	1,318,800	1,154,088	1,596,800	805,598	1,809,700	441,584
methanol sales	80,000	1,588	80,000	5,456	100,000	1,891
equipment leasing	30,000	9,202	35,000	29,450	40,000	34,853
electricity supply	110,000	56,318	120,000	28,065	130,000	15,115
heat supply	26,000	17,130	26,000	3,073	26,000	0
Total	**3,837,300**	**3,507,686**	**4,495,800**	**2,116,603**	**4,876,700**	**1,528,880**

As at the date of this announcement, the existing annual cap for the year 2020 has not been exceeded and, to the expectation of the Company, will not be exceeded as at the end of the year 2020.

The Board proposed that the annual amount payable by Yankuang Group to the Company under the Proposed Provision of Products, Materials and Asset Leasing Agreement shall not exceed RMB3,320,000,000, RMB4,130,000,000 and RMB4,542,000,000 for the three financial years ending 31 December 2021, 2022 and 2023, respectively.

Set out below are the proposed annual caps for each transaction category under the Proposed Provision of Products, Materials and Asset Leasing Agreement for each of the three financial years ending 31 December 2023:

Category	**Annual cap for the year ending 31 December 2021** *(RMB'000)*	**Annual cap for the year ending 31 December 2022** *(RMB'000)*	**Annual cap for the year ending 31 December 2023** *(RMB'000)*
coal sales	2,500,000	3,200,000	3,500,000
materials supply	700,000	800,000	900,000
asset leasing	100,000	110,000	120,000
electricity supply	20,000	20,000	22,000
total	**3,320,000**	**4,130,000**	**4,542,000**

Note:

1. In 2020, the Company acquired the two subsidiaries from Yankuang Group that are engaged in the methanol acquisition under the Existing Provision of Products, Materials and Equipment Leasing Agreement, and thus the transactions of methanol sales will be terminated.

2. From 2021, relevant governmental agencies will implement a new policy of heat provision, and thus the transactions of heat provision will be terminated.

(1) Considering (i) changes in the scope of connected transactions after the reorganization between Yankuang Group and Shandong Energy Group, (ii) changes in the scope of connected transactions after the acquisition of shares in Shaanxi Future Energy & Chemicals Co., Ltd., and (iii) the coal sales plan of the Company in the next three years, it is expected that the revenue of coal sales payable by Yankuang Group to the Company for the three financial years ending 31 December 2021, 2022 and 2023 shall be RMB2,500,000,000, RMB3,200,000,000 and RMB3,500,000,000, respectively;

(2) Considering (i) changes in the scope of connected transactions after the reorganization between Yankuang Group and Shandong Energy Group, and (ii) changes in the scope of connected transactions after the acquisition of shares in Shaanxi Future Energy & Chemicals Co., Ltd., it is expected that the revenue of provision of materials payable by Yankuang Group to the Company for the three financial years ending 31 December 2021, 2022 and 2023 shall be RMB700,000,000, RMB800,000,000 and RMB900,000,000, respectively;

(3) Considering (i) the increasing demand for asset leasing of Yankuang Group in the next three financial years, and (ii) the inclusion of property lease business into the Proposed Provision of Products, Materials and Asset Leasing Agreement, it is expected that the revenue of provision of asset leasing payable by Yankuang Group to the Company for the three financial years ending 31 December 2021, 2022 and 2023 shall be RMB100,000,000, RMB110,000,000 and RMB120,000,000, respectively;

(4) Considering the demand for transferring electricity supply of Yankuang Group in the next three years, it is expected that the revenue of sales of electricity payable by Yankuang Group to the Company for the three financial years ending 31 December 2021, 2022 and 2023 shall be RMB20,000,000, RMB20,000,000 and RMB22,000,000, respectively.

Reasons and benefits for entering into the Proposed Provision of Products, Materials and Asset Leasing Agreement

Due to the close proximity between Yankuang Group and the Company, the provision of products and materials by the Company to Yankuang Group at Market Price can reduce management and operational costs of the Group and can achieve a stable sales market for the Company. Meanwhile, the Company's materials supply centre has the qualification for materials and equipment distribution. Hence, it is able to purchase materials and equipment at a lower wholesale price, and subsequently resell to Yankuang Group at the Market Price, thereby increases the Company's operating profit. Furthermore, the Company, through its equipment management centre provides equipment leasing to Yankuang Group under normal commercial terms based on its operation needs and thus could effectively control the risks of leasing business and achieve economic benefits.

Different source of supply and types of coal are to be provided by the Company to Yankuang Group under the Proposed Provision of Products, Materials and Asset Leasing Agreement and by the Company to Yankuang Group under the Proposed Bulk Commodities Sale and Purchase Agreement. The coal products provided by the Company to Yankuang Group under the Proposed Provision of Products, Materials and Asset Leasing Agreement are self-produced coal of the Company, while the coal provided by the Company to Yankuang Group under the Proposed Bulk Commodities Sale and Purchase Agreement are trade coal sourced by the Company from the market. Please refer to the section headed "The Proposed Bulk Commodities Sale and Purchase Agreement" in this announcement.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios for the transactions under the Proposed Provision of Products, Materials and Asset Leasing Agreement exceeds 5% on an annual basis, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Provision of Products, Materials and Asset Leasing Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

5. The Proposed Bulk Commodities Sale and Purchase Agreement

On 27 November 2017, the Company entered into the Existing Bulk Commodities Sale and Purchase Agreement with Yankuang Group for a term of three years commencing from 1 January 2018 to 31 December 2020. Please refer to the announcement of the Company dated 27 November 2017 and the circular of the Company dated 11 January 2018 for the details of the Existing Bulk Commodities Sale and Purchase Agreement.

The Proposed Bulk Commodities Sale and Purchase Agreement

On 9 December 2020, the Company entered into the Proposed Bulk Commodities Sale and Purchase Agreement with Yankuang Group to renew the Existing Bulk Commodities Sale and Purchase Agreement on substantially the same terms.

Date

9 December 2020

Parties

(1) the Company; and
(2) Yankuang Group

Term

Three years commencing from 1 January 2021 and expiring on 31 December 2023

Major terms

Pursuant to the Proposed Bulk Commodities Sale and Purchase Agreement, the Company and Yankuang Group may, from time to time, sell or purchase coal, iron ores, rubber and other bulk commodities from each other.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Bulk Commodities Sale and Purchase Agreement.

Payment

(1) The payment of consideration of the Proposed Bulk Commodities Sale and Purchase Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.

(2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The price of coal, iron ores, rubber and other bulk commodities shall be determined according to the Market Price.

To determine the Market Price, the sales department or purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations by obtaining quotation fee from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources such as local newspapers to determine the Market Price. The sales department or purchase department of the Company will update the relevant information from time to time based on the procurement demand and will continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Yankuang Group has undertaken that the price of such bulk commodities shall not be higher than the price offered by Yankuang Group to any independent third parties for the same type of bulk commodities under any circumstances.

In the event that the terms or conditions of the provision or procurement of any bulk commodities by any third party are better than the terms or conditions offered by Yankuang Group or if the provision of such bulk commodities by Yankuang Group cannot meet the demand of the Company, the Company would be entitled to purchase any such bulk commodities from or sell such bulk commodities to other third parties.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Bulk Commodities Sale and Purchase Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amounts, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Bulk Commodities Sale and Purchase Agreement for the two financial years ended 31 December 2019 and the six months ended 30 June 2020:

Category	**Year ended 31 December 2018**		**Year ended 31 December 2019**		**Year ending 31 December 2020**	**Period from 1 January 2020 to 30 June 2020**
	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*	Annual cap *(RMB'000)*	Actual amount *(RMB'000)*
Sales of bulk commodities from the Company to Yankuang Group	3,641,000	0	3,841,000	1,615,332	4,281,000	55,629
Sales of bulk commodities from Yankuang Group to the Company	4,500,000	160,656	4,700,000	561,565	5,140,000	439,751
Total	**8,141,000**	**160,656**	**8,541,000**	**2,176,897**	**9,421,000**	**495,380**

As at the date of this announcement, the existing annual cap for the year 2020 has not been exceeded and, to the expectation of the Company, will not be exceeded as at the end of the year 2020.

Set out below are the proposed annual caps for each transaction category under the Proposed Bulk Commodities Sale and Purchase Agreement for each of the three financial years ending 31 December 2023.

Category	**Annual cap for the year ending 31 December 2021** *(RMB'000)*	**Annual cap for the year ending 31 December 2022** *(RMB'000)*	**Annual cap for the year ending 31 December 2023** *(RMB'000)*
Sales of bulk commodities from the Company to Yankuang Group	2,970,000	3,270,000	3,270,000
Sales of bulk commodities from Yankuang Group to the Company	500,000	550,000	600,000
total	**3,470,000**	**3,820,000**	**3,870,000**

In terms of the sales of bulk commodities from the Company to Yankuang Group, taking into account of (i) the average price of the relevant commodities in 2020, (ii) the sales plan of the Group for selling coal, iron ores, rubber and other kinds of bulk commodities to Yankuang Group for the year 2021 which is formulated based on the procurement demand of Yankuang Group and the intended business development plans of the Group (which provides an indication of approximate trading volume for 2021), and (iii) the business plan of Yancoal Australia to develop coal trading business, using the marketing network of the subsidiaries of Yankuang Group, it is expected that that the annual fees payable by Yankuang Group to the Company under the Proposed Bulk Commodities Sale and Purchase Agreement shall not exceed RMB2,970,000,000, RMB3,270,000,000 and RMB3,270,000,000 for the three financial years ending 31 December 2021, 2022 and 2023, respectively.

In terms of the purchase of bulk commodities by the Company from Yankuang Group, taking into account of (i) the average price of the relevant commodities in 2020, (ii) the innovation of trade and logistics, the business development and the procurement plans of the Group for purchasing coal, iron ores, rubber and other kinds of bulk commodities from Yankuang Group, it is expected that the annual fees payable by the Company to Yankuang Group under the Proposed Bulk Commodities Sale and Purchase Agreement shall not exceed RMB500,000,000, RMB550,000,000 and RMB600,000,000 for the three financial years ending 31 December 2021, 2022 and 2023, respectively.

The Company refers to the average price of the relevant commodities in 2020 with reference to the quotations set out in several domestic information websites of bulk commodities, including but not limited to Zhuochuang Information (卓創資訊, http://www.sci99.com/) and Wind Information (Wind資訊, http://www.wind.com.cn/), when estimating the annual caps for the purchase or sales of the bulk commodities, as this average price is the most recent average price which is available to the Company to provide an indication of the price trend for the next three years. Despite the fluctuation of the average price from time to time, the Company believes that the average price of the relevant bulk commodities for each of the financial year ending 31 December 2021, 2022 and 2023 would not significantly deviate from the average price in 2020. The average price of the relevant bulk commodities under the Proposed Bulk Commodities Sale and Purchase Agreement in the 2020 is (i) RMB534.75 per tonne for the relevant coal; (ii) RMB697.00 per tonne for the iron ores; and (iii) RMB9,150.00 per tonne for the rubber.

Reasons and benefits for entering into the Proposed Bulk Commodities Sale and Purchase Agreement

As disclosed above, the entering into of the Proposed Bulk Commodities Sale and Purchase Agreement will help to alleviate the impact of cycle fluctuations on the business performance of the Company, enlarge the overall operating scale and improve the profitability of the Company. Furthermore, the Proposed Bulk Commodities Sale and Purchase Agreement will enable the Company and Yankuang Group to share the suppliers and customers in their respective resourcing and distribution channels which cover different areas, and thus bring the advantages of both the Company and Yankuang Group in their resourcing and distribution channels into full play, thereby creates a synergistic effect that could expand the trading size, improve the sales volume and improve the revenue of both parties.

In addition, as the Company has a better understanding in the operation and reputation of Yankuang Group, the Company believes that the risk of trading with Yankuang Group is lower than trading with third parties. By purchasing bulk commodities from Yankuang Group, the Company could secure a long-term and stable sources of supply. By selling bulk commodities to Yankuang Group, the Company could ensure the safety of the transactions, including payment recoveries. Collectively, this could reduce the operational risks of the entire trading business of the Company.

Under the Proposed Bulk Commodities Sale and Purchase Agreement, the coal, iron ores and rubber purchased by the Company from Yankuang Group are of different sources, batches, types or models from the coal, iron ores and rubber sold by the Company to Yankuang Group. No cross selling will be made under the Proposed Bulk Commodities Sale and Purchase Agreement.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement exceeds 5% on an annual basis, the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

6. The Proposed Entrusted Management Agreement

On 5 December 2018, the Company entered into the Existing Entrusted Management Agreement with Yankuang Group, pursuant to which the Company agreed to provide management services to certain subsidiaries of Yankuang Group during the period from 1 January 2019 to 31 December 2020. For details of the Existing Entrusted Management Agreement, please refer to the announcement of the Company dated 5 December 2018.

The Proposed Entrusted Management Agreement

On 9 December 2020, the Company entered into the Proposed Entrusted Management Agreement with Yankuang Group.

Date

9 December 2020

Parties

(1) the Company; and
(2) Yankuang Group

Terms

Three year commencing from 1 January 2021 to 31 December 2023.

Major terms

Pursuant to the Proposed Entrusted Management Agreement, the Company will provide management services to 2 subsidiaries of Yankuang Group, namely, Shandong Liyan Power Co., Ltd.* (山東裡彥發電有限公司) and Shandong Luxi Power Co., Ltd.* (山東魯西發電有限公司) (the "Target Subsidiaries"). The service scope includes but is not limited to, strategic management, business development, procurement and sales of materials, warehouse and storage services, electricity sales and marketing, supply of heat, and safe production.

During the period of entrusted management, the Target Subsidiaries will remain subsidiaries of Yankuang Group and they will not be consolidated into the financial statements of the Company. Yankuang Group will be entitled to the profits generated from the assets of the Target Subsidiaries during the period of entrusted management.

Pricing

The entrusted management fee will be RMB1,500,000 each year for each of the Target Companies.

Payment

Yankuang Group shall pay annual entrusted management fees to the Company within one month after the audited annual reports of the Target Companies are issued.

The historical amounts, proposed annual caps and reasons

The historical annual amounts of the entrusted management fees under the Existing Entrusted Management Agreement for the financial year ended 31 December 2019 and the six months ended 30 June 2020 are RMB7,300,000 and null, respectively. As at the date of this announcement, the existing annual cap for the year 2020 has not been exceeded and, to the expectation of the Company, will not be exceeded as at the end of the year 2020.

Considering the asset size and business model of the Target Companies, the proposed annul cap of the entrusted management fees for each of the three financial years ending 31 December 2023 is RMB3,000,000, RMB3,000,000 and RMB3,000,000, respectively.

Reasons and benefits for entering into the Proposed Entrusted Management Agreement

By entering into the Proposed Entrusted Management Agreement, the Company can (i) avoid competition with Target Companies in relevant industries; (ii) bring the professional management capacity of the Company into full play, boost the development and competitiveness of the power sectors and create synergy effect; and (iii) tap into the scale effect and improve the economic benefits of the Company.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios for the transactions under the Proposed Entrusted Management Agreement is lower than 0.1%, the Proposed Entrusted Management Agreement and the transactions contemplated thereunder are exempt from all reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Entrusted Management Agreement and the transactions thereunder for the Independent Shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) consider that the Proposed Entrusted Management Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

7. The Proposed Finance Lease Agreement

On 30 December 2019, Zhongyin Financial Leasing entered into the Existing Finance Lease Agreement with Yankuang Group, pursuant to which Zhongyin Financial Leasing has agreed to provide Finance Leasing Service to Yankuang Group Members during the period from 1 January 2020 to 31 December 2020. For details of the Existing Finance Lease Agreement, please refer to the announcement of the Company dated 30 December 2019.

The Proposed Finance Lease Agreement

On 9 December 2020, the Company entered into the Proposed Finance Lease Agreement with Yankuang Group to renew the Existing Finance Lease Agreement on substantially the same terms.

Date

9 December 2020

Parties

(1) the Company (as lessor); and
(2) Yankuang Group (as lessee)

Terms

Three year commencing from 1 January 2021 to 31 December 2023.

Arrangements of the Finance Leasing Service

Pursuant to the Proposed Finance Lease Agreement, the Company has agreed to provide Finance Leasing Service to Yankuang Group Members by way of direct finance leasing service and sale-leaseback service.

Under the direct finance leasing service, the Company (as lessor) will purchase the Leased Assets based on the demands and requirements of Yankuang Group Members (as lessee) from Independent Third Party suppliers, and will then lease the Leased Assets to Yankuang Group Members for their use in return for periodic lease payments. The ownership of the Leased Assets will be solely vested in the Company during the lease period. Yankuang Group Members could choose to purchase the Leased Assets after expiry of the lease or upon the consent of the Company prior to the expiry of the lease, subject to compliance with the then relevant requirements under the Hong Kong Listing Rules.

Under the sale-leaseback service, Yankuang Group Members (as lessee) will sell the Leased Assets to the Company (as lessor) at a negotiated purchase price with reference to the book value, the appraisal value, and/or the original acquisition costs of the Leased Assets, and the Company or its subsidiary will then lease the Leased Assets back to Yankuang Group Members for their use in return for periodic lease payments. The ownership of the Leased Assets will be solely vested in the Company during the lease period. Yankuang Group Members could choose to purchase the Leased Assets after expiry of the lease or upon the consent of the Company prior to the expiry of the lease, subject to compliance with the then relevant requirements under the Hong Kong Listing Rules.

The Company intends to pay the purchase price for the Leased Assets by way of its internal funds and financing funds.

The principal amount of each Finance Leasing Service will be equal to the respective purchase price of the Leased Assets. The principal and interest with respect to the provision of Finance Leasing Service will be paid by Yankuang Group Members on a quarterly basis.

The Company will also charge commission fees or consulting fees with respect to the provision of Finance Leasing Service. Such commission fees or consulting fees will be paid by Yankuang Group Members to the Company upon or prior to the Company payment of the purchase price of the Leased Assets.

Separate Individual Agreements

With respect to the provision of each Finance Leasing Service, the Company and Yankuang Group Members will enter into separate Individual Agreements pursuant to the Proposed Finance Lease Agreement and the transactions contemplated thereunder shall be conducted on normal commercial terms or better and no less favourable to the Company than the same offered by Yankuang Group Members to Independent Third Parties for receiving comparable finance leasing service. The term of the Individual Agreements may exceed the term of the Proposed Finance Lease Agreement subject to the domestic and overseas approval procedures for connected transactions.

Interests and fees

The interest rate and relevant fees to be agreed for the Finance Leasing Service shall be fair and reasonable and on normal commercial terms or better. In particular, when determining the effective interest rate, the Company shall make reference to the following non-exhaustive factors:

(1) not lower than 5% above the lending rates published by the National Interbank Funding Center at the same period, and the highest interest rate will not exceed 7.5%;

(2) the financing costs of the Company;

(3) the quotations for similar finance leasing services offered by the Company to Independent Third Parties;

(4) the risk premium of Yankuang Group Members; and

(5) all other relevant fees, including the annual commission fees and consulting fees not higher that 1% of the principal of the relevant finance lease agreement.

The Company will consider the above factors and ensure that the overall terms and conditions for providing the Finance Leasing Service, including the effective interest rates and fees as well as payment conditions and other material terms, are no less favourable to the Company than the same offered by Yankuang Group Members to Independent Third Parties for receiving comparable finance leasing service.

Leased Assets

The Leased Assets include, among others, buildings, structures and mechanical equipment.

The proposed annual caps and reasons

Set out below are the proposed annual caps under the Proposed Finance Lease Agreement for each of the three financial years ending 31 December 2023.

Category	**Annual cap for the year ending 31 December 2021** *(RMB'000)*	**Annual cap for the year ending 31 December 2022** *(RMB'000)*	**Annual cap for the year ending 31 December 2023** *(RMB'000)*
the maximum transaction amount (i.e., the proposed annual cap for the aggregate outstanding daily balance of the principal amount together with the interest, commission fees and consulting fees)	6,510,000	7,595,000	8,680,000
the maximum interest and fees payment (i.e., the proposed annual cap for the aggregate outstanding daily balance of the interest, commission fees and consulting fees)	510,000	595,000	680,000

The proposed annual cap was calculated by reference to:

(1) the intended expansion of financial lease business provided by the Company to Yankuang Group and its subsidiaries; and

(2) the estimated three-year loan prime rate ("LPR") of approximately 4.25%, which is calculated based on LPRs announced by the People's Bank of China in June 2020 (one-year LPR: 3.85%; five-year LPR: 4.65%). The interest rate of the Company will not be lower than the LPR of the corresponding period and is estimated to be within the range of 4.25% and 7.5%, with the annual service fee rate at no higher than 1%.

Reasons and benefits for entering into the Proposed Finance Lease Agreement

The Proposed Finance Lease Agreement will improve the profitability and competitiveness of the Company, and the interest payment generated from the Finance Leasing Service (after deducting the financing costs) will enable the Company to obtain a stable cash flow.

Implications under the Hong Kong Listing Rules

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Finance Lease Agreement exceeds 5% on an annual basis, the Proposed Finance Lease Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. Since the highest applicable percentage ratio in respect of the highest annual cap under the Proposed Finance Lease Agreement is more than 5% but less than 25%, the Proposed Finance Lease Agreement constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Finance Lease Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

II. EXISTING GLENCORE CONTINUING CONNECTED TRANSACTIONS

1. The Existing Glencore Framework Coal Sales Agreement

On 29 June 2018, Yancoal Australia and Glencore entered into the Existing Glencore Framework Coal Sales Agreement to govern all existing and future sales of coal by Yancoal Australia Group to Glencore Group, pursuant to which, Yancoal Australia Group may from time to time agree to sell and deliver, and Glencore Group may from time to time agree to purchase and accept coal. The Existing Glencore Framework Coal Sales Agreement expires on 31 December 2020 and is automatically renewable for successive periods of three years thereafter, subject to compliance with the applicable provisions of the Hong Kong Listing Rules For details of the Existing Glencore Framework Coal Sales Agreement, please refer to the announcement of the Company dated 29 June 2018.

On 9 December 2020, the Board resolved to renew the Existing Glencore Framework Coal Sales Agreement for a further three years commencing from 1 January 2021 and set the annual caps for the three years ending 31 December 2023 for the transactions thereunder.

Parties

(1) Yancoal Australia
(2) Glencore

Major terms

Yancoal Australia Group may from time to time agree to sell and deliver, and Glencore Group may from time to time agree to purchase and accept coal in accordance with the terms of the Existing Glencore Framework Coal Sales Agreement.

Term

The Existing Glencore Framework Coal Sales Agreement shall be renewed on 1 January 2021 and shall expire on 31 December 2023, and is automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Hong Kong Listing Rules, unless terminated earlier by not less than three months' prior notice or otherwise in accordance with the terms of the Existing Glencore Framework Coal Sales Agreement.

Pricing

All transactions under the Existing Glencore Framework Coal Sales Agreement must be conducted (i) in the ordinary and usual course of business of Yancoal Australia Group and Glencore Group; (ii) on an arm's length basis; (iii) on normal commercial terms with the final sale price being determined with reference to the prevailing market price for the relevant type of coal; and (iv) in compliance with all applicable laws and regulations (including the rules of the stock exchanges), the Existing Glencore Framework Coal Sales Agreement and the separate agreements or transactions summary confirmations in relation to the transactions under the Existing Glencore Framework Coal Sales Agreement. Yancoal Australia Group will take into account the relevant industry benchmarks and indices when determining the market price.

Payment

Each Party shall pay its own costs and expenses relating to the preparation, execution and performance by it of the Existing Glencore Framework Coal Sales Agreement and each document referred to in the Existing Glencore Framework Coal Sales Agreement.

Historical transaction amounts

Set out below are the historical annual amounts of the Existing Glencore Framework Coal Sales Agreement for the two financial years ended 31 December 2019 and the six months ended 30 June 2020:

Category	**Year ended 31 December 2018**		**Year ended 31 December 2019**		**Year ending 31 December 2020**	**Period from 1 January 2020 to 30 June 2020**
	Annual cap *(USD'000)*	Actual amount *(USD'000)*	Annual cap *(USD'000)*	Actual amount *(USD'000)*	Annual cap *(USD'000)*	Actual amount *(USD'000)*
aggregate annual transaction amount paid by Glencore Group to Yancoal Australia Group for the purchase of coal	350,000	297,000	350,000	243,000	350,000	113,000

Proposed annual caps and basis

The proposed annual caps, i.e., the maximum annual transaction amount to be received by Yancoal Australia Group from Glencore Group for the three years ending 31 December 2021, 2022 and 2023 will not exceed US$350 million, US$350 million and US$350 million.

The proposed annual caps for the transactions under the Existing Glencore Framework Coal Sales Agreement are determined mainly based on: (i) the historical transaction amounts; (ii) the expected demand for coal from Glencore Group for the three years ending 31 December 2021, 2022 and 2023; and (iii) the estimated sale price of coal.

Reasons and benefits for Renewal of the Existing Glencore Framework Coal Sales Agreement

Glencore Group may purchase coal from Yancoal Australia Group from time to time for sale to end customers, in order to maintain customer relationships or to meet specific customer requirements. As such, Yancoal Australia and Glencore renewed the Existing Glencore Framework Coal Sales Agreement to govern all existing and future sales of coal by Yancoal Australia Group to Glencore Group, which is beneficial for Yancoal Australia to continuously develop its coal business. The continuous connected transactions can help realize synergy and reduce transaction costs and business risks.

Implications of the Hong Kong Listing Rules

The highest of the applicable percentage ratios in respect of the transactions under the Existing Glencore Framework Coal Sales Agreement exceeds 1% on an annual basis. As the continuing connected transaction under the Existing Glencore Framework Coal Sales Agreement is between the Group and a connected person at the subsidiary level, on normal commercial terms or better, the Directors have approved the transaction and the independent nonexecutive Directors have given the confirmation required under Rule 14A.101 of the Hong Kong Listing Rules, the Existing Glencore Framework Coal Sales Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting and announcement requirements and are exempt from the circular, independent financial advice and shareholders' approval requirements.

The Directors (including the independent non-executive Directors) are of the opinion that the Existing Glencore Framework Coal Sales Agreement, the transactions contemplated thereunder and the proposed annual caps are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

According to the applicable PRC regulations, the Company will submit the proposal relating to the Existing Glencore Framework Coal Sales Agreement, the transactions contemplated thereunder and the proposed annual caps for the Independent Shareholders' approval at the EGM.

2. The Existing Glencore Coal Purchase Agreement

On 6 August 2018, Yancoal Australia and Glencore entered into the Existing Glencore Coal Purchase Agreement to govern purchase of coal by Yancoal Australia Group from Glencore Group, pursuant to which, Yancoal Australia Group may from time to time agree to purchase and accept, and Glencore Group may from time to time agree to sell and deliver coal. The Existing Glencore Coal Purchase Agreement expires on 31 December 2020 and is automatically renewable for successive periods of three years thereafter, subject to compliance with the applicable provisions of the Hong Kong Listing Rules. For details of the Existing Glencore Coal Purchase Agreement, please refer to the announcement of the Company dated 6 August 2018 and the circular of the Company 8 August 2018.

On 9 December 2020, the Board resolved to renew the Existing Glencore Coal Purchase Agreement for a further three years commencing from 1 January 2021 and to set the annual caps for the three years ending 31 December 2023 for the transactions thereunder.

Parties

(1) Yancoal Australia
(2) Glencore

Major terms

Glencore Group may from time to time agree to sell and deliver, and Yancoal Australia Group may from time to time agree to purchase and accept coal in accordance with the terms of the Existing Glencore Coal Purchase Agreement.

Term

The Existing Glencore Coal Purchase Agreement shall be renewed from 1 January 2021 and shall expire on 31 December 2023, and is automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions and approval procedures of the regulations in the places of listing of the Company, unless terminated earlier by not less than three months' prior notice or otherwise in accordance with the terms of the Existing Glencore Coal Purchase Agreement.

Pricing

All transactions under the Existing Glencore Coal Purchase Agreement must be conducted (i) in the ordinary and usual course of business of Yancoal Australia Group and Glencore Group; (ii) on an arm's length basis; (iii) on normal commercial terms with the final sale price being determined with reference to the prevailing market price for the relevant type of coal; and (iv) in compliance with all applicable laws and regulations (including stock exchange rules), the Existing Glencore Coal Purchase Agreement and the separate coal sales and purchase agreements or transactions summary confirmations in relation to the transactions under the Existing Glencore Coal Purchase Agreement.

Payment

Measure of payment: The payment and collection under the Existing Glencore Coal Purchase Agreement shall adopt standard international payment measures, including but not limited to wire transfer and letter of credit.

Term of payment: The parties would stipulate the term of payment in detail in the separate coal sales and purchase agreements in relation to the transactions under the Existing Glencore Coal Purchase Agreement according to the international common practice and applicable laws of the Existing Glencore Coal Purchase Agreement.

Historical transaction amounts

Set out below are the historical annual amounts of the Existing Glencore Framework Coal Purchase Agreement for the two financial years ended 31 December 2019 and the six months ended 30 June 2020:

Category	**Year ended 31 December 2018**		**Year ended 31 December 2019**		**Year ending 31 December 2020**	**Period from 1 January 2020 to 30 June 2020**
	Annual cap *(USD'000)*	Actual amount *(USD'000)*	Annual cap *(USD'000)*	Actual amount *(USD'000)*	Annual cap *(USD'000)*	Actual amount *(USD'000)*
aggregate annual transaction amount paid by Yancoal Australia Group to Glencore Group for the purchase of coal	350,000	105,000	350,000	72,000	350,000	45,000

Proposed annual caps and basis

The proposed annual caps, i.e., the maximum annual transaction amount to be paid by Yancoal Australia Group to Glencore Group for the three years ending 31 December 2021, 2022 and 2023 will not exceed US$250 million, US$250 million and US$250 million. The proposed annual caps for the transactions under the Existing Glencore Coal Purchase Agreement are determined mainly based on: (i) the historical transaction amounts; (ii) the expected demand for coal from Yancoal Australia Group for the three years ending 31 December 2021, 2022 and 2023; and (iii) the estimated sale price of coal.

Reasons and benefits for renewing the Existing Glencore Coal Purchase Agreement

Yancoal Australia Group may purchase coal from Glencore Group from time to time for sale to the Yancoal Australia Group's end customers, in order to maintain its customer relationships, meet specific customer requirements and diversify the products of the Yancoal Australia Group. As such, Yancoal Australia and Glencore renewed the Existing Glencore Coal Purchase Agreement to govern sales of coal by Glencore Group to Yancoal Australia Group, which is beneficial for Yancoal Australia to continuously develop its coal business and enlarge the scale of coal blending that may be undertaken by the Yancoal Australia Group in order to increase economic added value to products of the Yancoal Australia Group.

Implications of the Hong Kong Listing Rules

The highest of the applicable percentage ratios in respect of the transactions under the Existing Glencore Coal Purchase Agreement exceeds 1% on an annual basis. As the continuing connected transaction under the Existing Glencore Coal Purchase Agreement is between the Group and a connected person at the subsidiary level, on normal commercial terms or better, the Directors have approved the transaction and the independent non-executive Directors have given the confirmation required under Rule 14A.101 of the Hong Kong Listing Rules, the Existing Glencore Coal Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting and announcement requirements and are exempt from the circular, independent financial advice and shareholders' approval requirements.

The Directors (including the independent non-executive Directors) consider that the Existing Glencore Coal Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

According to the applicable PRC regulations, the Company will submit the proposal relating to the Existing Glencore Framework Coal Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps for the Independent Shareholders' approval at the EGM.

3. The Existing HVO Services Contract

On 4 May 2018, as part of the joint venture arrangement, Yancoal Australia Group and Glencore Group entered into the Existing HVO Services Contract, pursuant to which, Glencore Coal has agreed to provide services comprising support services and coal sale services in respect of several entities in relation to HVO Joint Venture. The Existing HVO Services Contract shall continue until terminated in accordance with the termination terms set out therein. For details of the Existing HVO Services Contract, please refer to the circular of the Company dated 8 August 2018.

On 9 December 2020, the Board resolved to approve estimated maximum annual transaction amounts for the transactions under the Existing HVO Services Contract for the three years ending 31 December 2023. The Company will re-comply with the applicable requirements and approval procedures of the regulations in the places of listing of the Company after the expiry of the three years.

Parties

(1) HV Ops
(2) SalesCo
(3) Glencore Coal

Subject Matter

HV Ops appoints Glencore Coal as its exclusive provider of support services. SalesCo appoints Glencore Coal as its exclusive provider of coal sale services.

The support services, which are provided in respect of HVO Joint Venture include, management of transportation activities, procurement, treasury services, IT services, legal services, land and property management, risk management, finance management, technology support, human resource management, coal blending and transportation management, intellectual property management, prospection arrangement and other logistic support.

The coal sale services, which are provided in respect of SalesCo, include, transportation management, contract management, demurrage charge and tax management, plan management, quality control and other administrative management service.

Pricing

(i) HV Ops will pay Glencore Coal for all costs, charges and expenses which are exclusively incurred by Glencore Coal, for HVO Joint Venture or SalesCo in performing the service (the "**Site Charges**"), and

(ii) HV Ops will pay Glencore Coal for all costs, charges and expenses which are incurred by Glencore Group in providing the services and which are not Site Charges (the "General Charges"). In determining the General Charges, Glencore Coal must allocate all costs, expenses and charges incurred by Glencore Group in the performance of similar services, which are not site specific, on an equitable basis.

The parties agree that the total General Charges for each financial year will be estimated by Glencore Coal in advance. Within 30 days after the end of the financial year, Glencore Coal will conduct a reconciliation of the actual General Charges against the estimated General Charges. If estimated General Charges exceeds actual General Charges, Glencore Coal shall charge the actual amount; if actual General Charges exceeds estimated General Charges, HV Ops will be liable for any excess.

Payment

After the end of each month, Glencore Coal will provide HV Ops with a monthly invoice. HV Ops must pay within five business days after receipt of the monthly invoice the full amount set out therein.

Historical transaction amounts

Set out below are the historical annual amounts of the Existing HVO Services Contract for the two financial years ended 31 December 2019 and the six months ended 30 June 2020:

Category	**Year ended 31 December 2018**		**Year ended 31 December 2019**		**Year ending 31 December 2020**	**Period from 1 January 2020 to 30 June 2020**
	Annual cap *(USD'000)*	Actual amount *(USD'000)*	Annual cap *(USD'000)*	Actual amount *(USD'000)*	Annual cap *(USD'000)*	Actual amount *(USD'000)*
annual transaction amount paid by Yancoal Australia Group to Glencore Group for the acceptance of services	18,000	6,470	18,000	11,270	18,000	6,470

Estimated maximum annual transaction amounts

The estimated maximum annual transaction amounts under the Existing HVO Services Contract for the three years ending 31 December 2021, 2022 and 2023 will not exceed US$18 million, US$18 million and US$18 million, respectively.

The estimated maximum annual transaction amounts were determined based on calculation by reference to the content and charge of the expected services under the Existing HVO Services Contract, which are not expected to change significantly in the three years ending 31 December 2023.

Reasons and benefits for the Existing HVO Services Contract

Glencore Group provides logistic support service to HVO Joint Venture and provides coal sales service to SalesCo, which could enhance the efficiency and realize the synergy between Yancoal Australia Group and Glencore Group.

Implications of the Hong Kong Listing Rules

As the continuing connected transactions under the Existing HVO Services Contract is between the Group and a connected person at the subsidiary level and the highest of the applicable percentage ratios in respect of the transactions thereunder is less than 1% on an annual basis. The transaction contemplated under the Existing HVO Services Contract is fully exempted from shareholders' approval, annual review and all disclosure requirement pursuant to Rule 14A.76 of the Hong Kong Listing Rules.

According to the applicable PRC regulations, the Company will submit the proposal relating to the estimated maximum annual transaction amounts under the Existing HVO Services Contract for the Independent Shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) consider that the Existing HVO Services Contract, the transactions contemplated thereunder and the proposed annual caps are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

4. The Existing HVO Sales Contract

On 4 May 2018, as part of the joint venture arrangement, CNAO, Anotero and SalesCo entered into the Excising HVO Sales Contract, pursuant to which, each of CNAO and Anotero agrees to sell its entitled portion of coal product in saleable form that is produced by the tenements held by HVO Joint Venture to SalesCo and SalesCo agrees to purchase each of CNAO and Anotero's entitled portion of coal product, subject to the terms of the Existing HVO Sales Contract. In addition, CNAO and Anotero both agreed that the Salesco would act as an agent for and on behalf of CNAO and Anotero to sell the coals from HVO. The Existing HVO Sales Contract remains effective until the termination in accordance with its terms. For details of the Existing HVO Sales Contract, please refer to the circular of the Company dated 8 August 2018.

On 9 December 2020, the Board resolved to approve estimated maximum annual transaction amounts for the transactions under the Existing HVO Sales Contract for the three years ending 31 December 2023. The Company will re-comply with the applicable requirements and approval procedures of the regulations in the places of listing of the Company after the expiry of the three years.

Parties

(1) CNAO
(2) Anotero
(3) SalesCo

Subject Matter

Pursuant to the Existing HVO Sales Contract, (i) each of CNAO and Anotero agrees to sell all of its entitled portion of finished coal product in saleable form that is produced by the tenements held by HVO Joint Venture to SalesCo only and SalesCo agrees to purchase each of CNAO's and Anotero's entitled portion of coal product (other than coal product to be sold to Glencore and/or its subsidiaries); (ii) the amount payable to each of CNAO and Anotero by SalesCo shall be the total amount received by SalesCo for that portion of product under each sales contract entered into between SalesCo and its customers; and (iii) payment by SalesCo to CNAO and Anotero shall be no later than 3 business days after receipt by the SalesCo of payment from its customers. In respect of any sales to Glencore and/or its subsidiaries that fall within the Existing Glencore Framework Coal Sales Agreement, each of CNAO and Anotero agrees that SalesCo will be treated as if it has entered into the sale as agent for and on behalf CNAO and Anotero in proportion to their respective participating interests in the HVO Joint Venture.

Pricing

The amount payable to each of CNAO and Anotero by the SalesCo shall be the total amount received by SalesCo for that party's portion of product under each sales contract entered into between SalesCo and its customers.

Payment

Payment by SalesCo to CNAO and Anotero shall be no later than three business days after receipt by SalesCo of payment from its customers.

Historical transaction amounts

Set out below are the historical annual amounts of the Existing HVO Sales Contract for the two financial years ended 31 December 2019 and the six months ended 30 June 2020:

Category	Year ended 31 December 2018		Year ended 31 December 2019		Year ending 31 December 2020	Period from 1 January 2020 to 30 June 2020
	Annual cap *(USD'000)*	Actual amount *(USD'000)*	Annual cap *(USD'000)*	Actual amount *(USD'000)*	Annual cap *(USD'000)*	Actual amount *(USD'000)*
annual transaction amount to be distributed by the SalesCo to Anotero	750,000	551,000	750,000	621,000	750,000	218,000

Estimated maximum annual transaction amount and basis

The estimated maximum annual transaction amount to be distributed by the SalesCo to Anotero under the Existing HVO Sales Contract for the three years ending 31 December 2021, 2022 and 2023 will not exceed US$750 million, US$750 million and US$750 million, respectively. The estimated maximum annual transaction amounts are determined mainly based on the expected amount(with reference to the amount of coal production of the tenements held by HVO Joint Venture) and the selling price of the coal to be sold (with reference to the price of the coal).

Reasons for and benefits of the Existing HVO Sales Contract

As HVO Joint Venture is an unincorporated joint venture, it does not have the legal capacity to enter into any coal sales contract to realize the economic interest of the coal product in saleable form that is produced by the tenements held by it. SalesCo was incorporated as a limited liability company with legal capacity to enter into sales contracts. The arrangement under the HVO Sales Contract is for the purpose of making the coal products attributable to each of the HVO Joint Venture participants available to the SalesCo, and thereby facilitating the sale of coal produced by the tenements held by HVO Joint Venture by SalesCoto customers and the distribution of such revenue from SalesCo to the respective HVO Joint Venture participants.

Implications of the Hong Kong Listing Rules

As at the date of this announcement, CNAO is a wholly-owned subsidiary of Yancoal Australia. As CNAO holds 51% participating interest in HVO Joint Venture and 51% equity interest in SalesCo, both HVO Joint Venture and SalesCo are therefore indirect subsidiaries of the Company. Glencore, through Anotero, its wholly owned subsidiary, is indirectly interested in more than 10% of participating interest in HVO Joint Venture and more than 10% equity interest in SalesCo. Therefore, Glencore is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the subsidiaries of the Company pursuant to Rule 14A.07 of the Hong Kong Listing Rules.

The highest of the applicable percentage ratios in respect of the transactions under the Existing HVO Sales Contract exceeds 1% on an annual basis. As (i) the continuing connected transaction under the Existing HVO Sales Contract is between the Group and a connected person at the subsidiary level on normal commercial terms or better, (ii) the Board has approved the transaction and (iii) the independent non-executive Directors have given the confirmation as required under Rule14A.101(2) of the Hong Kong Listing Rules, the HVO Sales Contract, the transactions contemplated thereunder and the estimated maximum annual transaction amounts are subject to the reporting and announcement requirements but are exempt from the shareholders' approval requirement pursuant to Rule 14A.101 of the Hong Kong Listing Rules.

According to the applicable PRC regulations, the Company has submitted the proposal relating to the estimated maximum annual transaction amounts under the Existing HVO Sales Contract for the independent shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) are of the opinion that the Existing HVO Sales Contract, the transactions contemplated thereunder and the estimated maximum annual transaction amounts are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

III. GENERAL

The Proposed Yankuang Continuing Connected Transaction Agreements, the transactions contemplated thereunder and the respective proposed annual caps, and the renewal and the proposed annual caps of the Existing Glencore Continuing Connected Transaction Agreements (as the case maybe) were approved at the seventh meeting of the eighth session of the Board held on 9 December 2020.

At the aforesaid Board meeting, two Directors, Mr. Li Xiyong and Mr. Wu Xiangqian, being also directors or senior management of Yankuang Group, were regarded to have a material interest in the Proposed Yankuang Continuing Connected Transactions and therefore, they have abstained from voting at relevant resolutions at the aforesaid Board meeting convened for the purpose of approving such transactions. Save as disclosed above, none of the Directors has a material interest in the Proposed Yankuang Continuing Connected Transactions or the Existing Glencore Continuing Connected Transactions.

The Board has approved (1) the establishment of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the Proposed Provision of Materials Supply Agreement, the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Entrust Management Agreement, the Proposed Finance Lease Agreement, the Existing Glencore Framework Coal Sales Agreement, the Existing Glencore Coal Purchase Agreement, and the proposed annual caps of the Existing HVO Services Contract, the Existing HVO Sales Contract; and (2) the appointment of an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and their respective proposed annual caps.

According to the applicable PRC regulations, the Company also submits the resolutions relating to the Proposed Provision of Materials Supply Agreement, the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Entrust Management Agreement, the Proposed Finance Lease Agreement, the Existing Glencore Framework Coal Sales Agreement, the Existing Glencore Coal Purchase Agreement, the transactions contemplated thereunder and their respective proposed annual caps, and the proposed annual caps of the Existing HVO Services Contract, the Existing HVO Sales Contract, for the Independent Shareholders' approval at the EGM.

The Board hereby confirms that the applicable percentage ratios for the actual transactions occurred in 2021 under each of the Proposed Provision of Materials Supply Agreement, the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Entrust Management Agreement and the Proposed Finance Lease Agreement, are not expected to exceed 5% before the Independent Shareholders' approval at the EGM.

Information of the 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.

Yankuang Group

Yankuang Group is a state-controlled limited liability company, with the State-owned Assets Supervision and Administration Commission of Shandong Province as its controlling shareholder. Its registered capital is RMB7.7692 billion and its legal representative is Li Xiyong. The principal business of Yankuang Group includes the exploration, processing, trade and provision of auxiliary services of mining (coal and nonferrous metal), high-end chemical industry, modern logistics, and engineering and technology services. Its domicile is 298 South Fushan Road, Zoucheng City, Shandong Province.

As at the date of this announcement, Yankuang Group is the controlling shareholder of the Company, holding directly and indirectly 56.01% of the issued share capital of the Company, and is hence a connected person of the Company.

Yancoal Australia

Yancoal Australia is a subsidiary of the Company, through which the Company conducts its investment and coal business in Australia. As at the date of this announcement, Yancoal Australia managed and operated eleven coalmines in Australia.

Glencore

Glencore is a member of Glencore plc, which is one of the largest global diversified natural resource companies in the world. The shares of Glencore plc are listed on the London Stock Exchange and the Johannesburg Stock Exchange.

Anotero

Anotero Pty Limited, a wholly-owned subsidiary of Glencore which is incorporated in Australia.

CNAO

Coal & Allied Operations Pty Ltd, a wholly-owned subsidiary of Coal & Allied Industries Limited and a subsidiary of Yancoal Australia which is incorporated in Australia.

SalesCo

SalesCo is principally engaged in selling coal produced by the HVO Joint Venture on behalf of the participants in the HVO Joint Venture. As at the date of this announcement, SalesCo is a subsidiary of the Company.

IV. THE EXTRAORDINARY GENERAL MEETING

As at the date of this announcement, Yankuang Group is the controlling shareholder of the Company holding, directly and indirectly, 56.01% of the issued share capital of the Company. Yankuang Group and its associates will abstain from voting at the EGM on the ordinary resolutions approving the Proposed Yankuang Continuing Connected Transaction Agreements, the transactions contemplated thereunder and their respective proposed annual caps which will be taken by poll as required under the Hong Kong Listing Rules. As at the date of this announcement, so far as the Directors are aware, other than the aforesaid, there is no other associate of Yankuang Group that held shares of the Company and therefore is required to abstain from voting on the ordinary resolutions in relation to the Proposed Yankuang Continuing Connected Transaction Agreements and the Existing Glencore Continuing Connected Transaction Agreements.

A circular containing, among other things, particulars of the Proposed Continuing Connected Transaction Agreements and their respective proposed annual caps, a letter from the Independent Board Committee and a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders, is expected to be despatched to the Shareholders on or before 15 January 2021, as additional time is required to prepare and finalise the information to be included in the circular.

V. DEFINITIONS

"A Shares"	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
"Anotero"	Anotero Pty Limited, a company incorporated in Australia and a wholly-owned subsidiary of Glencore
"associate(s)"	have the same meaning ascribed thereto under the Hong Kong Listing Rules
"Board"	the board of Directors

"Business Day"	a day which is not a Saturday, Sunday or a public holiday in the PRC or Hong Kong (as the case may be)
"CNAO"	Coal & Allied Operations Pty Ltd, a company incorporated in Australia, a wholly-owned subsidiary of Coal & Allied Industries Limited and a wholly-owned subsidiary of Yancoal Australia
"Company"	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 Stock Exchange and the Shanghai Stock Exchange, respectively
"connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"controlling Shareholder(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Cost Price"	has the meaning ascribed thereto under the section headed "The Proposed Mutual Provision of Labour and Services Agreement" of this announcement
"Donghua Heavy Industry"	Yankuang Donghua Heavy Industry Company Limited* (兗礦東華重工有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
"Dongjiang Lease Agreement	The lease agreement entered into between Dongjiang Real Estate and Shanghai Yankuang Cinda on 7 February 2020 in relation to the lease of Dongjiang Pearl Plaza
"Dongjiang Real Estate"	Shanghai Dongjiang Real Estate Development Co., Ltd.* (上海東江房地產開發有限公司), a subsidiary of the Company
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held in due course or any adjournment thereof for the purpose of considering and, if appropriate, approving, among others, the proposed continuing connected transaction agreements referred to in this announcement, the transactions contemplated thereunder and their respective proposed annual caps
"Existing Bulk Commodities Sale and Purchase Agreement"	the bulk commodities sale and purchase agreement entered into between the Company and Yankuang Group on 27 November 2017
"Existing Entrusted Management Agreement"	the entrusted management agreement entered into between the Company and Yankuang Group on 5 December 2018
"Existing Finance Lease Agreement"	the finance lease agreement entered into between Zhongyin Financial Leasing and Yankuang Group on 30 December 2019

"Existing Glencore Continuing Connected Transactions"	the transactions under the respective Existing Glencore Continuing Connected Transaction Agreements
"Existing Glencore Continuing Connected Transaction Agreements"	the Existing Glencore Framework Coal Sales Agreement; the Existing Glencore Coal Purchase Agreement; and the Existing HVO Services Contract; and the Existing HVO Sales Contract
"Existing Glencore Framework Coal Sales Agreement"	the framework coal sales agreement entered into between Yancoal Australia and Glencore on 29 June 2018
"Existing Glencore Framework Coal Purchase Agreement"	the framework coal purchase agreement entered into between Yancoal Australia and Glencore on 6 August 2018
"Existing HVO Services Contract"	the services agreement entered into between Yancoal Australia Group and Glencore Group on 4 May 2018
"Existing HVO Sales Contract"	the sales agreement entered into between Yancoal Australia Group and Glencore Group on 4 May 2018
"Existing Mutual Provision of Labour and Services Agreement"	the mutual provision of labour and services agreement entered into between the Company and Yankuang Group on 27 November 2017
"Existing Provision of Insurance Fund Administrative Services Agreement"	the provision of insurance fund administrative services agreement entered into between the Company and Yankuang Group on 27 November 2017
"Existing Provision of Materials Supply Agreement"	the provision of materials supply agreement entered into between the Company and Yankuang Group on 27 November 2017
"Existing Provision of Products, Materials and Equipment Leasing Agreement"	the provision of products, materials and equipment leasing agreement entered into between the Company and Yankuang Group on 27 November 2017
"Existing Yankuang Continuing Connected Transactions"	the transactions under the respective Existing Yankuang Continuing Connected Transaction Agreements
"Existing Yankuang Continuing Connected Transaction Agreements"	the Existing Mutual Provision of Labour and Services Agreement, the Existing Provision of Insurance Fund Administrative Services Agreement, the Existing Provision of Materials Supply Agreement, the Existing Provision of Products, Materials and Equipment Leasing Agreement, the Existing Bulk Commodities Sale and Purchase Agreement; the Existing Entrusted Management Agreement; and the Existing Finance Lease Agreement

"Finance Leasing Service"	including but not limited to the sale-leaseback service and direct finance leasing service to be provided by the Company to Yankuang Group Members in relation to the Leased Assets in accordance with the Proposed Finance Lease Agreement
"Glencore"	Glencore Coal Pty Limited, the indirect substantial shareholder of several subsidiaries of Yancoal Australia
"Glencore Coal"	Glencore Coal Assets Australia Pty Ltd, a company incorporated in Australia and a subsidiary of Glencore
"Glencore Group"	Glencore and its subsidiaries and related entities
"Group"	the Company and its subsidiaries
"Heze Neng Hua"	Yanmei Heze Neng Hua Company Limited, a company with limited liability incorporated under the laws of the PRC in 2004 and a 98.33% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the development and operation of coal resources and electric power business in Juye coalfield, Heze City, Shandong Province
"H Shares"	overseas listed foreign invested shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"Huaju Energy"	Shandong Hua Ju Energy Company Limited, a joint stock limited company incorporated under the laws of the PRC in 2002 and a 95.14% owned subsidiary of the Company as at the end of the reporting period, which is mainly engaged in the thermal power generation with gangue and coal slurry and heating supply business;
"HVO Joint Venture and the companies associated with it"	the unincorporated joint venture established for the purpose of operating coal mines in Australia known as "Hunter Valley Operations" and the associated companies HV Operations Pty Ltd and HVO Coal Sales Pty Ltd, each of which is an indirect subsidiary of Yancoal Australia and is indirectly held as to 51% and 49% by Yancoal Australia and Glencore, respectively
"HV Ops"	HV Operations Pty Ltd, a company incorporated in Australia, a subsidiary of Yancoal Australia and is indirectly held as to 51% and 49% by Yancoal Australia and Glencore, respectively

"Independent Board Committee"	a committee of the Board comprising all independent non-executive Directors established for the purpose of considering the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Entrust Management Agreement, the Proposed Finance Lease Agreement, the Existing Glencore Framework Coal Sales Agreement, the Existing Glencore Coal Purchase Agreement, the Existing HVO Services Contract, the Existing HVO Sales Contract and their respective proposed annual caps as set out in this announcement
"Independent Shareholder(s)"	have the same meaning ascribed thereto under the Hong Kong Listing Rules
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected persons
"Individual Agreement(s)"	the separate individual agreement for each Finance Leasing Service to be entered into between the Company and Yankuang Group Members pursuant to the Finance Lease Agreement
"Inner Mongolia Mining"	Inner Mongolia Mining (Group) Company Limited (內蒙古礦業(集團)有限公司), a subsidiary of the Company
"Leased Asset(s)"	the assets to be leased by the Company pursuant to the Individual Agreements
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Market Price"	has the meaning ascribed thereto under the section headed "The Proposed Mutual Provision of Labour and Services Agreement" of this announcement
"Ordos Neng Hua"	Yanzhou Coal Ordos Neng Hua Company Limited* (兗州煤業鄂爾多斯能化有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
"percentage ratios"	has the same meaning ascribed thereto under the Hong Kong Listing Rules
"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

"Proposed Bulk Commodities Sale and Purchase Agreement"	the bulk commodities sale and purchase agreement entered into between the Company and Yankuang Group on 9 December 2020
"Proposed Entrusted Management Agreement"	the entrusted management agreement entered into between the Company and Yankuang Group on 9 December 2020
"Proposed Finance Lease Agreement"	the finance lease agreement entered into between the Company and Yankuang Group on 9 December 2020
"Proposed Mutual Provision of Labour and Services Agreement"	the mutual provision of labour and services agreement entered into between the Company and Yankuang Group on 9 December 2020
"Proposed Provision of Insurance Fund Administrative Services Agreement"	the provision of insurance fund administrative services agreement entered into between the Company and Yankuang Group on 9 December 2020
"Proposed Provision of Materials Supply Agreement"	the provision of materials supply agreement entered into between the Company and Yankuang Group on 9 December 2020
"Proposed Provision of Products, Materials and Asset Leasing Agreement"	the provision of products, materials and asset leasing agreement entered into between the Company and Yankuang Group on 9 December 2020
"Proposed Yankuang Continuing Connected Transaction Agreements"	the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Asset Leasing Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement; the Proposed Entrusted Management Agreement; and the Proposed Finance Lease Agreement
"Qingdao Zhongyan"	Qingdao Zhongyan Trading Co., Ltd. (青島中兗貿易有限公司), a wholly-owned subsidiary of the Company
"Qingdao Zhongyin Ruifeng"	Qingdao Zhongyin Ruifeng International Trade Co., Ltd. (青島中垠瑞豐國際貿易有限公司), a subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SalesCo"	HVO Coal Sales Pty Ltd, a company incorporated in Australia, a subsidiary of Yancoal Australia and is held as to 51% and 49% by Yancoal Australia and Glencore, respectively
"Shandong Energy Group"	Shandong Energy Company Limited (山東能源集團有限公司)

"Shandong Yankuang Cinda"	Shandong Yankuang Cinda Hotel Management Co., Ltd (山東兗礦信達酒店管理有限公司), a subsidiary of Yankuang Group
"Shanghai Zhongqi"	Shanghai Zhongqi Futures Co.,Ltd. (上海中期期貨股份有限公司), a subsidiary of Yankuang Group
"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 Hong Kong Listing Rules
"USD"	United States Dollar, the lawful currency of the United States
"Yancoal Australia"	Yancoal Australia Limited, a controlled overseas subsidiary of the Company, the shares of which are listed on the Australian Stock Exchange (Stock Code: YAL) and the Stock Exchange (Stock Code: 03668)
"Yancoal Australia Group"	Yancoal Australia and its subsidiaries
"Yankuang Group"	Yankuang Group Company Limited (兗礦集團有限公司), 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 56.01% shares of the Company
"Yankuang Group Members"	Yankuang Group, its subsidiaries and associates (excluding the Company and its subsidiaries)
"Yulin Neng Hua"	Yanzhou Coal Yulin Neng Hua Company Limited* (兗州煤業榆林能化有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
"Zhongyin Financial Leasing"	Zhongyin Financial Leasing Company Limited* (中垠融資租賃有限公司), a wholly-owned subsidiary of the Company

"Zhongyin International Trade"	Shandong Zhongyin International Trade Co., Ltd.* (山東中垠國際貿易有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
"%"	percentage

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

Zoucheng, Shandong Province, the PRC
9 December 2020

As at the date of this announcement, the Directors of the Company are Mr. Li Xiyong, Mr. Wu Xiangqian, Mr. Liu Jian, Mr. Zhao Qingchun, Mr. He Jing and Mr. Wang Ruolin, and the independent non-executive Directors of the Company are Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang and Mr. Poon Chiu Kwok.