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If you have sold or transferred all your shares in **Yanzhou Coal Mining Company Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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兗州煤業股份有限公司

YANZHOU COAL MINING COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1171)

- (1) PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS;**
- (2) PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2021;**
- (3) PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES;**
- (4) PROPOSAL FOR THE PROVISION OF FINANCIAL GUARANTEES TO THE CONTROLLED SUBSIDIARIES AND INVESTED COMPANIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA;**
- (5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND**
- (6) PROPOSAL FOR THE GENERAL MANDATES TO ISSUE H SHARES AND REPURCHASE H SHARES**

The notices convening the AGM and the H Shareholders' Class Meeting to be held at the headquarters of the Company at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 8:30 a.m. and 10:30 a.m. respectively on Friday, 18 June 2021 were published on 18 May 2021.

Whether or not you are able to attend the respective meetings in person, you are strongly advised to complete and sign the form of proxy in accordance with the instructions printed thereon. The form of proxy shall be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the Office of the Secretary to the Board at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC (for holders of A Shares) as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting(s) or any adjourned meeting(s) (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting(s) or any adjourned meeting(s) should you so wish.

18 May 2021

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meaning:

“A Shareholders”	holders of A Shares;
“A Shareholders’ Class Meeting”	the 2021 first class meeting of A Shareholders to be held at the headquarters of the Company at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 10:00 a.m. on Friday, 18 June 2021;
“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;
“AGM”	the 2020 annual general meeting of the Company to be held at the headquarters of the Company, 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 8:30 a.m. on Friday, 18 June 2021;
“Articles of Association”	the articles of association of the Company;
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules;
“AUD”	Australian dollars, the lawful currency of Australia;
“Audit Committee”	the audit committee of the Company;
“Board”	the board of Directors of the Company;
“Company” or “Yanzhou Coal”	Yanzhou Coal Mining Company Limited (兗州煤業股份有限公司), a joint stock limited company incorporated in the PRC and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively;
“Company Law”	Company Law of the People’s Republic of China, as revised from time to time;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“H Shareholders”	holders of H Shares;

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“H Shareholders’ Class Meeting”	the 2021 first class meeting of H Shareholders to be held at the headquarters of the Company at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 10:30 a.m. on Friday, 18 June 2021;
“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 Hong Kong Stock Exchange;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules” or “Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as revised from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Latest Practicable Date”	11 May 2021, being the latest practicable date of ascertaining certain information contained in this circular before the issuing of this circular;
“PRC”	The People’s Republic of China excluding, for the purpose of this circular only, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Mandate”	subject to the conditions set out in each of the proposed special resolution approving the Repurchase Mandate at the AGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting, the general mandate given to the Board to exercise the power to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares of the Company in issue as at the date of the passing of the resolution;
“RMB”	Renminbi, the lawful currency of the PRC;
“SAFE”	the State Administration of Foreign Exchange of the People’s Republic of China;

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“Shandong Energy”	Shandong Energy Group Company Limited* (山東能源集團有限公司), previously known as Yankuang Group Company Limited (兗礦集團有限公司) a state-controlled limited liability company, which is the controlling shareholder of the Company holding directly and indirectly approximately 55.77% of the total issued share capital of the Company as at the Latest Practicable Date;
“Shareholders”	the shareholders of the Company;
“Supervisor(s)”	the supervisor(s) of the Company;
“Supervisory Committee”	the supervisory committee of the Company;
“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 Hong Kong Stock Exchange (Stock Code: 3668);
“%”	per cent.

* For identification purposes only.

LETTER FROM THE BOARD



兖州煤業股份有限公司

YANZHOU COAL MINING COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1171)

Directors:

Liu Jian
Wu Xiangqian
Zhao Qingchun
He Jing
Wang Ruolin

Registered office:

949 South Fushan Road
Zoucheng
Shandong Province
PRC
Postal Code: 273500

Independent non-executive Directors:

Tian Hui
Zhu Limin
Cai Chang
Poon Chiu Kwok

*Principal place of business
in Hong Kong:*

40th Floor, Dah Sing Financial Center
248 Queen's Road East
Wanchai
Hong Kong

18 May 2021

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS;**
- (2) PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2021;**
- (3) PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES;**
- (4) PROPOSAL FOR THE PROVISION OF FINANCIAL GUARANTEES TO THE CONTROLLED SUBSIDIARIES AND INVESTED COMPANIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA;**
- (5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND**
- (6) PROPOSAL FOR THE GENERAL MANDATES TO ISSUE H SHARES AND REPURCHASE H SHARES**

LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular is to provide you with information relating to (1) the proposed renewal of liability insurance for Directors, Supervisors and senior officers of the Company; (2) the proposal for appointment of external auditing firm for the year 2021; (3) the proposal to authorize the Company to carry out domestic and overseas financing activities; (4) the proposal for the provision of financial guarantees to the controlled subsidiaries and invested companies and granting of authorization to Yancoal Australia and its subsidiaries to provide guarantees for the daily operation of the subsidiaries of the Company in Australia; (5) the proposed amendments to the Articles of Association; and (6) the proposal for the general mandates to issue H Shares and repurchase H Shares.

II. PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS

It is proposed that the Company will renew the liability insurance for the Directors, Supervisors and senior officers of the Company for a maximum insured amount of USD15 million.

III. PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2021

It is proposed that ShineWing Certified Public Accountants (special general partnership) and SHINEWING (HK) CPA Limited be appointed as the Company's domestic and international auditors and internal control auditor for the year 2021, respectively, until the conclusion of the next annual general meeting of the Company, and arrangements in respect of their remuneration be approved.

It is proposed that the remuneration to be paid to the auditors in 2021 is as follows:

- 1) the auditing fees for the domestic and overseas operations in 2021 will be RMB9.9 million. The Company will reimburse the accountants with accommodation and catering expense during their on-site auditing in the Company, excluding the travel expense and other expenses.
- 2) to authorize the Board to decide the payment for increased follow-up auditing, internal control audit and other services resulted from the Company's new subsidiaries or changes of regulations.

LETTER FROM THE BOARD

IV. PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES

In order to optimise the Company's debt structure, and satisfy the capital demands of the Company's daily operations, projects construction and external investment, subject to the relevant laws, regulations as well as listing rules in places where the Company's securities are listed, the Board proposed:

1. To approve the Company or its controlled subsidiaries to carry out financing activities of aggregate amount not exceeding the equivalent of RMB80 billion and to determine the financing currency and methods based on merits of market conditions, which includes the following financing methods: bank loans, corporate bonds, medium-term notes, short-term bonds, super short-term bonds, renewable bonds, perpetual bonds, perpetual medium-term notes, private placement bonds, operating lease, financing lease, asset securitization, asset-backed notes, financing on transfer of right of return over assets, debt-to-equity funds, private placement of industry funds, acceptance of the equity investment and bonds investment in the controlled subsidiaries by the subsidiaries of insurance companies, trust and public offering funds and other financing methods approved by regulatory authorities.

When the financing businesses are to be implemented, the necessary approval procedures and information disclosure obligations shall be performed in accordance with the relevant regulations of the places where the shares of the Company are listed.

2. To authorize any one of the Directors to deal with all matters in respect of the abovementioned financing businesses in accordance with the relevant laws and regulations, which include but are not limited to the followings:
 - (1) in light of the Company's situation and the market conditions, and according to the relevant laws, rules and the requirements of regulatory authorities, to formulate and adjust specific plan in relation to such financing activities, including but not limited to the determination of the suitable entity to carry out the financing activities, the amounts, methods, terms and other matters related to financing activities;
 - (2) to determine the engagement of intermediaries and to sign and implement all agreements and documents in respect of the financing activities and to disclose the relevant information;
 - (3) to deal with the reporting, registration, approval of the materials in respect of the financing activities provided to the domestic and overseas regulatory authorities and other relevant authorities, and other relevant matters.

LETTER FROM THE BOARD

3. the aforementioned authorization shall become valid after the date of conclusion of the AGM at which this proposal is considered until the date of conclusion of the next annual general meeting of the Company, except where the circumstances require the person(s) so authorized to exercise his powers after the expiry of the term of authorization in relation to any contracts, agreements or decisions regarding the financial guarantees that have been made within the term of authorization.

V. PROPOSAL FOR THE PROVISION OF FINANCIAL GUARANTEES TO THE CONTROLLED SUBSIDIARIES AND INVESTED COMPANIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA

The Board proposed:

1. in order to reduce financing costs of the controlled subsidiaries and invested companies and ensure their normal operation funding needs, to approve the provision of financial guarantee(s) of an aggregate amount not exceeding the equivalent of USD7 billion by the Company and its controlled subsidiaries to their respective controlled subsidiaries and invested companies;
2. in order to satisfy the requirements of daily operations of the Company's subsidiaries in Australia and further reduce the operating cost, in accordance with the Australian Corporate Law and relevant laws and regulations, to approve the provision of guarantees by Yancoal Australia and its subsidiaries for an amount not exceeding AUD1.2 billion to the subsidiaries of the Company in Australia for their daily operations;
3. to approve and authorize any one of the Directors to deal with matters in relation to the aforesaid financial guarantees in accordance with the relevant laws, regulations and rules, such matters include but are not limited to the following:
 - (1) to determine the appropriate controlled subsidiaries and invested companies which will be provided with the guarantees based on their financing needs;
 - (2) to determine the exact terms and conditions of the guarantee agreements, which include but are not limited to the amount, term, scope and method of guarantee; and to execute the guarantee agreement(s) involved and other relevant legal documents; and
 - (3) to deal with the filing and reporting of documents in respect of the guarantee(s) and other relevant matters.

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4. that the aforementioned authorization shall become valid from the date of conclusion of the AGM at which this resolution is considered until the date on which the next annual general meeting of the Company is concluded, except where the circumstances require the person(s) so authorized to exercise his powers after the expiry of the term of authorization in relation to any contracts, agreements or decisions regarding the financial guarantees that have been made within the term of authorization.

In terms of the specific guarantee contracts, the Company will comply with the obligations under the Hong Kong Listing Rules and other applicable laws and regulations (if applicable).

VI. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The proposals in relation to the proposed amendments to the Articles of Association were approved at the 11th meeting of the eighth session of the Board and the 12th meeting of the eighth meeting of the Board, and the Board agreed to submit the same to the AGM for consideration and approval.

In accordance with the “Notice of Shandong Provincial Market Supervision Administration on Fully Implementing the Standardized Registration of Business Scope of Market Entities” (Lu Shi Jian Zhu Zi [2020] No. 212), and considering that (i) “Yankuang Group Company Limited”, the promoter and controlling shareholder of the Company, changed its company name to “Shandong Energy Group Company Limited”, and (ii) the change of the Company’s registered address due to re-issuance of the street number by Zoucheng City, the Company proposed to amend the Articles of Association.

The details of the proposed amendments to the Articles of Association are set out in Appendix II to this circular.

VII. PROPOSAL FOR THE GENERAL MANDATES TO ISSUE H SHARES AND REPURCHASE H SHARES

To ensure flexibility and to grant discretion to the Board to issue H Shares, the Company will put forward a special resolution at the AGM to grant a general mandate to the Board to allot, issue and deal with H Shares of up to a maximum of 20% of the aggregate nominal value of H Shares of the Company in issue as at the date of passing of the resolution.

The mandate to issue H shares would expire on the earlier of (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant special resolution at the AGM; or (b) the date on which the authority conferred by the relevant resolutions is revoked or varied by a special resolution of the Shareholders at a general meeting.

To ensure flexibility and to grant discretion to the Board to repurchase any H Shares under appropriate circumstances (including where such repurchase may lead to an enhancement of the net asset value per Share and/or the earnings per Share), the Company

LETTER FROM THE BOARD

will put forward a special resolution at the AGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, respectively, to grant the Repurchase Mandate to the Board to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares of the Company in issue as at the date of passing of the resolution approving the Repurchase Mandate, and to approve the Board to authorize any one of the Directors to act on behalf of the Board to make timely decision about the specific matters of the repurchase of H shares after the Board has been granted the general mandate to repurchase up to 10% of the total issued H shares, and carries out the relevant approval and disclosure procedures, including but not limited to, determine the timing, quantity and price of the repurchase and open overseas securities account and carry out the corresponding change of foreign exchange registration procedures, inform creditors and make public announcements, cancel the shares repurchased, decrease the registered capital, amend the Articles of Association, and carry out the corresponding change of registration procedures and execute and handle other documents and matters related to the repurchase.

The Company Law of the PRC (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for (a) reducing its share capital; (b) a merger with another entity that holds the shares of the company; (c) granting shares for the employee stock ownership plan or share incentive; (d) the repurchase is made at the request of its shareholders who disagree with shareholders' resolutions in connection with merger or division of the company; (e) the repurchased shares are used for the corporate bonds convertible into shares of the listed company; or (f) the repurchase is necessary for maintaining the value of the listed company and the interests of its shareholders. The Articles of Association provides that, subject to obtaining the approval of the relevant regulatory authorities and complying with the Articles of Association, share repurchase may be effected by the Company for the reduction of its share capital, a merger between itself and another entity that holds its shares, the employee stock ownership plan or share incentive, the request of its shareholders who disagree with shareholders' resolutions in connection with merger or division of the company, the conversion of convertible corporate bonds issued by the listed company, maintenance of the value of the company and the interests of its shareholders, or in circumstances permitted by law or administrative regulations.

The Hong Kong Listing Rules permits shareholders of a PRC joint stock limited company to grant a general mandate to the board of directors to repurchase H shares of such company that is listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of a special resolution passed by shareholders at the AGM and special resolutions passed by holders of A shares and holders of H shares in separate class meetings.

As the H Shares are traded on the Hong Kong Stock Exchange in Hong Kong dollars and the price payable by the Company for any repurchase of H Shares will, therefore, be paid in Hong Kong dollars, the approvals of SAFE and other relevant government authorities are required for any repurchase of H shares.

In accordance with the requirements of the Articles of Association applicable to capital reduction, prior to exercising the Repurchase Mandate, the Company will have to notify its creditors in writing of the passing of such special resolutions and the possible reduction of the registered capital of the Company. The Company shall notify its creditors within 10 days

LETTER FROM THE BOARD

after the passing of such special resolutions and also by way of publication of announcements in newspaper for three times within 30 days after the passing of such special resolutions. Creditors then have a period of up to 30 days after the Company's written notification or if no such notification has been received, up to 45 days after the first publication of the newspaper announcement to require the Company to repay amounts due to them or to provide guarantees in respect of such amounts.

The Repurchase Mandate will be conditional upon (a) the special resolution for the grant of the Repurchase Mandate being approved at the AGM; (b) the special resolution for the grant of the Repurchase Mandate being approved at the H Shareholders' Class Meeting and the A Shareholders' Class Meeting; (c) the approvals of the SAFE and/or any other regulatory authorities (if applicable) as required by the laws, rules and regulations of the PRC being obtained; and (d) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the provisions of the Articles of Association. If the Company determines to repay any amount to any of its creditors in circumstances described under condition (d) above, it expects to do so out of its internal resources. If the above conditions are not fulfilled, the Repurchase Mandate will not be exercised by the Board.

The Repurchase Mandate would expire on the earlier of (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant special resolutions at the AGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting; or (b) the date on which the authorization conferred by the relevant resolutions is revoked or varied by a special resolution of the Shareholders at a general meeting or by H Shareholders or A Shareholders at their respective class meetings.

The total number of H Shares which may be repurchased pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal value of H Shares in issue as at the date of passing of the resolution approving the Repurchase Mandate.

Details of the special resolutions to be proposed at the AGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting in relation to the granting of the Repurchase Mandate to the Board are set out respectively in the notice of the AGM, the notice of the A Shareholders' Class Meeting and the notice of the H Shareholders' Class Meeting.

Explanatory statement

An explanatory statement containing all relevant information relating to the Repurchase Mandate is set out in Appendix I to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Board the Repurchase Mandate.

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VIII. AGM, A SHAREHOLDERS' CLASS MEETING AND H SHAREHOLDERS' CLASS MEETING

The notices convening the AGM, the A Shareholders' Class Meeting and the H Shareholders' Meeting were published on 18 May 2021.

The following resolutions will be proposed to the Shareholders at the AGM:

As ordinary resolutions:

1. To consider and approve the working report of the Board for the year ended 31 December 2020, details of which are set out in the section headed "Board of Directors' Report" in the 2020 annual report of the Company;
2. To consider and approve the working report of the Supervisory Committee for the year ended 31 December 2020, details of which are set out in the notice of the AGM dated 18 May 2021;
3. To consider and approve the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2020, details of which are set out in the 2020 annual report of the Company;
4. To consider and approve the proposed profit distribution plan of the Company for the year ended 31 December 2020 and to authorize the Board to distribute a cash dividend of RMB0.60 (tax inclusive) per share for the year 2020 and a special cash dividend of RMB0.40 (tax inclusive) per share to the Shareholders based on the number of shares on the dividend distribution record date;
5. To consider and approve the remuneration of the Directors and Supervisors for the year ending 31 December 2021;
6. To consider and approve the "Proposal in relation to the renewal of the liability insurance of the Directors, Supervisors and senior officers";
7. To consider and approve the "Proposal in relation to the appointment and remuneration of external auditing firm for the year 2021";

As special resolutions:

8. To consider and approve the "Proposal in respect of the provision of financial guarantee(s) to the Company's controlled subsidiaries and invested companies and the granting of authorization to Yancoal Australia Limited and its subsidiaries to provide guarantee(s) in relation to daily operations to the subsidiaries of the Company in Australia";
9. To consider and approve the "Proposal to authorize the Company to carry out domestic and overseas financing businesses";

LETTER FROM THE BOARD

10. To consider and approve the amendments to the Articles of Association of Yanzhou Coal Mining Company Limited;
11. To consider and approve the “Proposal regarding the general mandate authorizing the Board to issue additional H shares”; and
12. To consider and approve the “Proposal regarding the general mandate authorizing the Board to repurchase H shares”.

The following resolution will be proposed to the Shareholders at the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting:

As special resolution:

1. To consider and approve the proposal regarding the general mandate authorizing the Board to repurchase H Shares.

Whether or not you are able to attend the respective meetings in person, you are strongly advised to complete and sign the form of proxy dated 18 May 2021 in accordance with the instructions printed thereon. For holders of H Shares of the Company, the proxy form shall be lodged with the Company’s H Share Registrar, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. For holders of A Shares of the Company, the proxy form shall be lodged at the Office of the Secretary to the Board at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting(s) or any adjourned meeting(s) (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting(s) or any adjourned meeting(s) should you so wish.

LETTER FROM THE BOARD

IX. CLOSURE OF H SHARE REGISTER OF MEMBERS OF THE COMPANY

1. Attending the AGM and H Shareholders' Class Meeting

The H Share register of members of the Company will be closed from Wednesday, 9 June 2021 to Friday, 18 June 2021 (both days inclusive), during which period no transfer of the Company's H Shares will be registered for the purpose of ascertaining the eligibility of Shareholders to attend the AGM and the H Shareholders' Class Meeting. In order to attend the AGM and the H Shareholders' Class Meeting, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company's H Share Registrar, Hong Kong Registrars Limited, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 8 June 2021 for registration. H Shareholders whose names appear on the H Share register of members of the Company maintained by Hong Kong Registrars Limited at the close of business on Tuesday, 8 June 2021 will be eligible to attend the AGM and the H Shareholders' Class Meeting.

2. Receipt of final dividend and special dividend

The Company will put forward an ordinary resolution at the AGM to approve the distribution of a cash dividend of RMB0.60 (tax inclusive) per share for the year 2020 and a special cash dividend of RMB0.40 (tax inclusive) per share to the Shareholders based on the number of shares on the dividend distribution record date.

To determine the identity of the Shareholders entitled to receive the final dividend and the special dividend, the Company's H Share register of members will be closed from Friday, 25 June 2021 to Friday, 2 July 2021 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to the final dividend and the special dividend, H Shareholders who have not registered the transfer documents are required to deposit the transfer documents together with the relevant Share certificates with the H Share Registrar of the Company, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Thursday, 24 June 2021.

Details in relation to profit distribution to investors who invest in the shares of the Company listed on the Hong Kong Stock Exchange through the SSE or vice versa under the Shanghai – Hong Kong Stock Connect program will be disclosed in the AGM poll results announcement of the Company.

LETTER FROM THE BOARD

X. RECOMMENDATION OF THE BOARD

The Directors believe that the resolutions set out in the notices of the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the AGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting.

XI. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the other sections in and the Appendices to this circular.

XII. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

The Board of Directors of
Yanzhou Coal Mining Company Limited

This explanatory statement contains all the information required to be given to the Shareholders pursuant to Rule 10.06(1)(b) of the Listing Rules in connection with the proposed Repurchase Mandate, which is set out as follows:

1. HONG KONG LISTING RULES

The Hong Kong Listing Rules permits companies with a primary listing on the Hong Kong Stock Exchange to repurchase their securities subject to certain restrictions. Repurchases must be funded out of funds legally available for the purpose and in accordance with the company's constitutional documents and the applicable laws of the jurisdiction in which the company is incorporated or otherwise established. Any repurchase must be made out of funds which are legally available for the purpose and in accordance with the laws of the PRC and the memorandum and articles of association of the company. Any premium payable on a repurchase over the par value of the shares may be effected out of funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purchase of repurchase.

2. REASONS FOR REPURCHASE OF H SHARES

The Board believes that the flexibility afforded by the Repurchase Mandate to repurchase H Shares would be beneficial to and in the best interests of the Company and its Shareholders. Such repurchase may, depending on the market conditions and funding arrangement at the time, lead to an enhancement of the net asset value and/or its earnings per Share and will only be made when the Board believes that such a repurchase will benefit the Company and its Shareholders.

3. REGISTERED CAPITAL

As at the Latest Practicable Date, the registered capital of the Company as filed in the relevant company registration agency of the PRC was RMB 4,860,000,000 comprising 1,900,000,000 H Shares of RMB1.00 each and 2,960,000,000 A Shares of RMB1.00 each. In February 2021, the Company issued 13,041,592 A Shares under the 2018 A Share Option Scheme; In May 2021 and as of the Latest Practicable Date, the Company issued 928,052 A Shares under the 2018 A Share Option Scheme and the relevant procedures for change of registered capital is in progress. As at the Latest Practicable Date, the Company has 2,973,969,644 A Shares and 1,900,000,000 H Shares.

4. EXERCISE OF THE REPURCHASE MANDATE

Subject to the passing of the special resolution approving the granting of the Repurchase Mandate to the Board at the AGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting respectively, the Board will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in the special resolutions in the notice of the AGM, the notice of the A Shareholders' Class Meeting and the notice of the H Shareholders' Class Meeting, respectively). The exercise of the Repurchase Mandate is subject to: (1) the approvals of the relevant PRC regulatory authorities as required by the laws, rules and regulations of the PRC being obtained; and (2) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount

due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the provisions of the Articles of Association applicable to reduction of share capital.

The exercise in full of the Repurchase Mandate (on the basis of 1,900,000,000 H Shares in issue as at the Latest Practicable Date and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the AGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting) would result in a maximum of 190,000,000 H Shares being repurchased by the Company during the Relevant Period, being the maximum of 10% of the total H Shares in issue as at the date of passing the relevant resolutions.

5. FUNDING OF REPURCHASES

In repurchasing its H Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and undistributed profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to purchase its H Shares. Any repurchases by the Company may only be made out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose, or from sums standing to the credit of the share premium account of the Company. The Company may not purchase securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

Based on the financial position disclosed in the recently published audited accounts for the year ended 31 December 2020, the Board considers that there will not be any material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Board at the relevant time having regard to the circumstances then prevailing and in the best interests of the Company.

6. STATUS OF REPURCHASED H SHARES

The Hong Kong Listing Rules provides that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. Under the PRC laws, the H Shares repurchased by the Company for the purpose of reducing registered capital will be cancelled within 10 days after the repurchase date; the H Shares repurchased by the Company for the purpose of protecting the value of the Company and the interests of the Shareholders will be cancelled or transferred within three years. The Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

7. H SHARES PRICES

The highest and lowest prices at which the H Shares have been traded on the Hong Kong Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	H Share Prices	
	Highest HK\$	Lowest HK\$
2020		
June	6.78	5.70
July	7.00	5.79
August	6.43	5.85
September	6.14	5.60
October	5.85	4.80
November	6.92	5.50
December	6.77	6.15
2021		
January	6.85	5.91
February	7.58	5.93
March	9.83	7.09
April	10.80	9.01
May (up To the Latest Practicable Date)	11.08	9.16

8. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of substantial shareholders of the Company which was interested in more than 10% of the issued Shares was as follows:

Name	Class of shares	Capacity	Nature of interests	Number of ordinary shares held in the Company	Percentage of total issued share capital of the Company ^(b)
Shandong Energy	A Shares (state-owned legal person share)	Beneficial owner	Long position	2,263,047,288	46.43%
			Short position	387,385,137	7.95%
Shandong Energy ^(a)	H Shares	Interest of controlled corporation	Long position	454,989,000	9.34%
Total				<u>2,718,036,288</u>	<u>55.77%</u>

Notes:

- (a) Shandong Energy's controlled subsidiary incorporated in Hong Kong holds such H Shares in the capacity of beneficial owner.
- (b) The figures of the percentage ratios are rounded to the nearest two decimal places.

9. GENERAL INFORMATION

- (a) None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their close associates, have any present intention to sell any H Shares to the Company or any of its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.
- (b) The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to repurchase the H Shares pursuant to the Repurchase Mandate in accordance with the Hong Kong Listing Rules and the applicable laws of the PRC.
- (c) No core connected person (as defined in the Hong Kong Listing Rules) of the Company has notified the Company that he has a present intention to sell H Shares to the Company or its subsidiaries, or has undertaken not to do so, if the Repurchase Mandate is granted and is exercised.

10. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

Assuming that the substantial Shareholders do not dispose of their Shares, if the Repurchase Mandate was exercised in full, the percentage shareholdings of the substantial Shareholders before and after such repurchase would be as follows:

Substantial Shareholder	Before repurchase	After repurchase
Shandong Energy	55.77%	58.03%

On the basis of the shareholdings held by the substantial Shareholder named above, an exercise of the Repurchase Mandate in full will not have any implications for the substantial Shareholders under the Takeovers Code.

The Company was informed by Shandong Energy that Shandong Energy had issued exchangeable corporate bonds that are exchangeable into A Shares of the Company, which may result in a decline of Shandong Energys' percentage shareholdings in the Company. For detailed information about the exchangeable corporate bonds issued by Shandong Energy, please refer to the relevant announcements of the Company dated 3 November 2016, 6 April 2017, 11 April 2017, 8 September 2017, 21 April 2017, 26 September 2017, 9 April 2018 and 28 December 2018.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Hong Kong Stock Exchange.

The Directors have no intention to exercise the Repurchase Mandate to an extent which may result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

Save as disclosed above, the Directors are not aware of any consequences that may arise under the Takeovers Code and/or any relevant laws of which the Directors are aware, if any, as a result of any share repurchases made.

11. SHARE REPURCHASES MADE BY THE COMPANY

During the six months period preceding the Latest Practicable Date, the Company did not repurchase any H shares (whether on the Hong Kong Stock Exchange or otherwise).

In accordance with the “Notice of Shandong Provincial Market Supervision Administration on Fully Implementing the Standardized Registration of Business Scope of Market Entities” (Lu Shi Jian Zhu Zi [2020] No. 212), and considering that (i) “Yankuang Group Company Limited”, the promoter and controlling shareholder of the Company, changed its company name to “Shandong Energy Group Company Limited”, and (ii) the change of the Company’s registered address due to re-issuance of the street number by Zoucheng City, the Company proposed to amend the Articles of Association. Details are set out as follows:

No. of Article	Original	Amended
2	<p>The Company was established by way of promotion with the approval of the People’s Republic of China’s State Commission for Restructuring the Economic System on 24 September 1997, as evidenced by approval document Ti Gai Sheng [1997] no. 154 of 1997. It is registered with and has obtained a business licence from China’s State Administration Bureau of Industry and Commerce on 25 September 1997. The Company’s business licence number is: 370000400001016.</p> <p>The promoter of the Company is: Yankuang Group Company Limited</p>	<p>The Company was established by way of promotion with the approval of the People’s Republic of China’s State Commission for Restructuring the Economic System on 24 September 1997, as evidenced by approval document Ti Gai Sheng [1997] no. 154 of 1997. It is registered with and has obtained a business licence from China’s State Administration Bureau of Industry and Commerce on 25 September 1997. The Company’s <u>unified social credit code is: 91370000166122374N.</u></p> <p>The promoter of the Company is: Yankuang Group Company Limited, <u>which subsequently changed its company name to Shandong Energy Group Company Limited.</u></p>
4	<p>The Company’s address:</p> <p>298 South Fushan Road Zoucheng Shandong Province China</p>	<p>The Company’s address:</p> <p><u>949</u> South Fushan Road Zoucheng Shandong Province China.</p>
12	<p>The Company’s scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.</p> <p>The business scope of the company includes:</p> <p>coal mining, preparation and sale of coal (among others, the export of coal should be made through companies with coal export right according to the existing state regulations); sales of coal water slurry; outbound investment using the company’s own fund and investment consulting; commission business; transportation of goods through self-owned railway within the mining area; self-owned railway facilities maintenance; professional railway line technical consultation and service; transportation of goods through highway; operation of ports; manufacture, sale,</p>	<p>The Company’s scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.</p> <p><u>The business scope of the Company includes: License Items: coal mining; transportation of goods through railway; transportation of goods through highway(excluding hazardous goods); operation of ports; installation, renovation and repair of special equipment; development and management of real estate; dining services; accommodation services; import and export of goods; import and export of technology; sewage treatment and recycling; thermal power production and supply; inspection and testing services; safety production inspection and testing; various engineering construction activities; labor dispatch services (pre-licensing).</u></p>

No. of Article	Original	Amended
	<p>lease, repair, installation and dismantlement of machinery and equipment in the mining area; production and sale of other mining materials; sale and lease of electronic equipments and sale of parts; leasing of construction mechanical equipment; sale of metallic materials, electronic products, construction materials, timber and rubber products; production and sale of cold patch, soap, anchoring agent and coat; composition of mining, science and technological services; mining rescue technology services; property development within the mining areas, property leasing and provision of services such as dining and accommodation; production and sale of coal gangue as construction materials; sale of coke, iron ore and nonferrous metals; import and export of goods and technology; warehousing (excluding hazardous chemicals); automobile repairs; labour dispatch; property management service, landscaping; sewage treatment; heat supply; industrial tourism; corporate internal staff training (skills training for first aid team members, manufacturing technology training, safety training); measurement examination, physical and chemical inspection, non-destructive testing, analytical testing, manufacturing safety testing and inspection; corporate management; corporate management consulting; corporate planning and design; market investigation; economic and trade consulting; technology promotion, technology services; sale of lubricating oil, lubricating grease, chemical raw material and chemical engineering products (excluding dangerous chemical products), coat, labour protection products, spinning products, cultural and educational products, plastic products, instruments and apparatuses, cement and fire-resistant materials and products; production and sales of fire-resistant and fire extinguishing materials; manufacturing and sales of industrial digital printing equipment (Items which need approvals according to the laws shall be subject to the approvals of relevant authorities before operation activities can be carried out)</p>	<p><u>General Items: coal washing; sale of coal and product; investment activities using the Company's own funds; corporate management; corporate management consulting; market research (not involving foreign-related investigations); manufacture of mining machinery; sale of mining machinery; machinery equipment leasing; general equipment repair; general machinery and equipment installation services; machinery and equipment leasing; sale of metal material; sale of electrical machinery and equipment; sale of building materials; sale of wood; manufacture of specialized chemical product (excluding hazardous chemicals); sale of specialized chemical product (excluding hazardous chemicals); manufacture of daily chemical products; manufacture of coat (excluding hazardous chemicals); sale of coating (excluding hazardous chemicals); sale of lubricating oil; sale of petroleum products (excluding hazardous chemicals); sale of chemical products (excluding licensed chemical products)); technical services, technical development, technical consulting, technical exchanges, technology transfer, technology promotion; leasing of non-residential real estate; sale of metal ore; general cargo warehousing services (excluding storage of hazardous chemicals and other items requiring approval); repairs and maintenance of motor vehicle (filing required); property management (filing required); landscaping project construction; scenic spot management; human resource services (excluding occupational intermediary activities and labour dispatch services, which requires filing); safety technical training for special operators; business training (excluding educational training, vocational skill training, that requires license); measurement services; social and economic consulting services; planning of 3 corporate image; sale of knitting textile; sale of plastic product; sale of instrumentation; sale of cement product; production of refractory material; sale of refractory material; sale of labour protection products; sale of office supplies; stationery retail; railway transportation auxiliary activities; production of fire-proof sealing materials; sales of fire-proof sealing materials; electronic specialized equipment manufacturing; electronic specialized equipment sales; software development; network technical services; sale of network equipment; Internet data services; sale of radio and television transmission equipment; sale of telecommunication equipment. (Items which need approvals according to the laws shall be subject to the approvals of relevant authorities before operation activities can be carried out).</u></p>

No. of Article	Original	Amended
23	The registered capital of the Company shall be RMB4,860,000,000. The Company shall register its registered capital with the state industry and commerce department and make the necessary filings with the companies approving department authorised by the State Council and the State Council's securities authorities.	The registered capital of the Company shall be RMB4,860,000,000. The Company shall register its registered capital with the market regulation department and make the necessary filings with the companies approving department authorised by the State Council and the State Council's securities authorities.