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## THIS SUPPLEMENTARY CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt about any of the contents of this supplementary circular or as to what action to take in relation to this supplementary circular, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Yanzhou Coal Mining Company Limited**, you should at once hand this supplementary circular together with accompanying form of proxy 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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This supplementary circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company.

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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)**

### **SUPPLEMENTARY CIRCULAR TO THE CIRCULAR DATED 2 JUNE 2017 IN RELATION TO**

**(1) VERY SUBSTANTIAL ACQUISITION –  
ACQUISITION OF COAL & ALLIED FROM RIO TINTO;  
(2) PROPOSED APPLICATION FOR THE ISSUE OF  
NOT MORE THAN 647,000,000 A SHARES IN THE PRC**

**AND**

**(1) NOTICE OF EXTRAORDINARY GENERAL MEETING;  
(2) NOTICE OF 3RD A SHAREHOLDERS CLASS MEETING;  
(3) NOTICE OF 3RD H SHAREHOLDERS CLASS MEETING**

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This supplementary circular should be read together with the circular of the Company dated 2 June 2017 (the “**Original Circular**”).

The notices convening the EGM, the 3rd A Shareholders Class Meeting and the 3rd H Shareholders Class Meeting to be held at the headquarter of the Company at 298 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 9:00 a.m., 11:00 a.m. and 11:30 a.m. respectively on Friday, 25 August 2017 are set out on pages 13 to 20 of this supplementary circular.

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 Floor, 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 298 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.

30 June 2017

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	2
Introduction .....	2
Very Substantial Acquisition – Acquisition of Coal & Allied from Rio Tinto ....	3
Proposed Application for the Issue of Not More Than 647,000,000 A Shares in the PRC .....	9
EGM, 3rd A Shareholders’ Class Meeting and 3rd H Shareholders’ Class Meeting .....	10
Closure of H Share Register of Members of the Company .....	11
Recommendation .....	12
Additional Information .....	12
Responsibility Statement .....	12
<b>NOTICE OF 2017 SECOND EXTRAORDINARY GENERAL MEETING</b> .....	13
<b>NOTICE OF 2017 THIRD A SHAREHOLDERS’ CLASS MEETING</b> .....	16
<b>NOTICE OF 2017 THIRD H SHAREHOLDERS’ CLASS MEETING</b> .....	18
<b>APPENDIX I – SUPPLEMENTARY UNAUDITED PRO FORMA FINANCIAL                     INFORMATION OF THE ENLARGED GROUP</b> .....	I-1
<b>APPENDIX II – SUPPLEMENTARY GENERAL INFORMATION</b> .....	II-1

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## DEFINITIONS

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*Unless the context otherwise specified or as specified below, the capitalised terms used in this supplementary circular shall have the same meanings as those defined in the Original Circular.*

“3rd A Shareholders Class Meeting”	means the 2017 third class meeting of A Shareholders to be held at the headquarter of the Company at 298 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 11:00 a.m. on Friday, 25 August 2017 to consider and, if thought fit, approve, among other things, the specific mandate relating to the Additional A Shares Issue;
“3rd Class Meetings”	means the 3rd A Shareholders Class Meeting and the 3rd H Shareholders Class Meeting;
“3rd H Shareholders Class Meeting”	means the 2017 third class meeting of H Shareholders to be held at the headquarter of the Company at 298 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 11:30 a.m. on Friday, 25 August 2017 to consider and, if thought fit, approve, among other things, the specific mandate relating to the Additional A Shares Issue;
“EGM”	means the 2017 second extraordinary general meeting of the Company to be held at the headquarter of the Company at 298 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 9:00 a.m. on Friday, 25 August 2017;
“Supplementary Circular Latest Practicable Date”	means 27 June 2017, being the latest practicable date of ascertaining certain information contained in this supplementary circular before the issuing of this supplementary circular.

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LETTER FROM THE BOARD

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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)**

*Directors:*

Li Xiyong  
Li Wei  
Wu Xiangqian  
Wu Yuxiang  
Zhao Qingchun  
Guo Dechun  
Guo Jun

*Independent non-executive Directors:*

Kong Xiangguo  
Jia Shaohua  
Poon Chiu Kwok  
Qi Anbang

*Registered office:*

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

*Principal place of business  
in Hong Kong:*

Rooms 2008-12  
20/F., The Center  
99 Queen's Road Central  
Hong Kong

30 June 2017

*To the Shareholders*

Dear Sir or Madam,

**SUPPLEMENTARY CIRCULAR TO THE CIRCULAR DATED 2 JUNE 2017  
IN RELATION TO**

**(1) VERY SUBSTANTIAL ACQUISITION –  
ACQUISITION OF COAL & ALLIED FROM RIO TINTO;  
(2) PROPOSED APPLICATION FOR THE ISSUE OF  
NOT MORE THAN 647,000,000 A SHARES IN THE PRC**

**I. INTRODUCTION**

This supplementary circular should be read in conjunction with the Original Circular. Unless the context otherwise specified or as specified in the section headed “Definitions” in this supplementary circular, the capitalised terms used in this supplementary circular shall have the same meanings as those defined in the Original Circular.

Reference is made to the announcement of the Company dated 20 June 2017.

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## LETTER FROM THE BOARD

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The purpose of this supplementary circular is to give you (1) amendments to the information set out in the Original Circular relating to very substantial acquisition – acquisition of Coal & Allied from Rio Tinto; (2) amendments to the information set out in the Original Circular relating to the proposed application for the issue of not more than 647,000,000 A Shares in the PRC; and (3) the notices of the EGM, 3rd A Shareholders' Class Meeting and 3rd H Shareholders' Class Meeting, which are set out on pages 13 to 20 of this supplementary circular.

### II. VERY SUBSTANTIAL ACQUISITION – ACQUISITION OF COAL & ALLIED FROM RIO TINTO

References are made to the announcements dated 24 January 2017, 24 May 2017, 11 June 2017, 12 June 2017, 20 June 2017 and 26 June 2017 of the Company (collectively, the “Announcements”) and the Original Circular in relation to, among others, the Acquisition.

#### AMENDMENT DEED TO THE SPA

On 20 June 2017, the Purchaser and the Vendors entered into an amendment deed to the SPA (the “**Amendment Deed**”). Pursuant to the Amendment Deed, the SPA is amended to the effect that:

- (i) the Deferred Payment Amounts of total USD500 million will be paid at the Completion, which increases the total amount payable by the Purchaser at the Completion to USD2.45 billion (subject to the adjustment as prescribed in the SPA). In respect of the adjustments, please refer to section 2.9(d) headed “Purchase Price Adjustment” under section VIII of the “Letter from the Board” in the Original Circular for more details;
- (ii) the Financial Assurance Letter (as defined below) shall be executed by Yankuang Group to reflect the financial assurance undertaking given by Yankuang Group and a deposit arrangement. Please refer to the paragraph headed “Financial Assistance Made by Yankuang Group” below for more detail;
- (iii) the Purchaser has agreed to waive its right to terminate the SPA in the case of Material Adverse Change (the “**MAC Waiver**”). As a result, section 2.7 headed “Termination for material change” under section VIII of the “Letter from the Board” in the Original Circular is no longer applicable except that the SPA remains subject to termination on other customary grounds as specified in the SPA;
- (iv) the Condition Precedent of approval from the Minister responsible for the Mining Act 1992 (NSW) (the “**NSW Minister’s Approval**”) (i.e. the Condition Precedent set out in paragraph (a) in section 2.5 headed “Conditions Precedent” under section VIII of the “Letter from the Board” in the Original Circular (the “**Conditions Precedent Section**”)), shall be waived (the “**Minister Waiver**”); and

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## LETTER FROM THE BOARD

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- (v) the Condition Precedent of PRC outbound investment approval from the State Administration of Foreign Exchange of the PRC (國家外匯管理局, “SAFE”) (the “SAFE Approval”) (i.e. the Condition Precedent set out in paragraph (b)(ii)(4) in the Conditions Precedent Section) shall be waived if such is not obtained on or before 3 July 2017 (the “SAFE Waiver”, together with Minister Waiver, the “CP Waiver”).

The reason for the amendment (i) above was primarily due to the intention of Yancoal Australia to make a more attractive proposal to Rio Tinto as compared to the competing proposal offered by Glencore, the competitor of Yancoal Australia. Please refer to the announcement of the Company dated 11 June 2017.

The MAC Waiver and CP Waiver (together, the “Waivers”) were requested by the Vendors in order to provide greater certainty to Rio Tinto’s shareholders that the Acquisition would complete. After balancing the overall benefits of the Acquisition for Yancoal Australia and the Waivers, Yancoal Australia agreed to the Waivers and did not consider the Waivers as material concessions to make under the circumstances given: (a) the NSW Minister’s Approval has been obtained; (b) the high probability of obtaining SAFE approvals in due course and prior to Completion; and (c) the low probability of an event occurring before the Completion that would trigger the Material Adverse Change termination rights.

The Company considers that SAFE process is administrative in nature which involves primarily the filing of relevant documents by the Company rather a substantial review by the SAFE. The Company will make the necessary filings with the SAFE in advance and, after taking into account of the reasonable period which may be required for the SAFE to complete the approval process, expect to obtain the SAFE Approval before 3 July 2017. As such, the Company accept the term that the condition precedent of the SAFE Approval to be waived automatically after 3 July 2017. The SAFE Approval relates to the Company’s intention to subscribe for its entitlement in the YAL Rights Issue. Please refer to section 6 headed “The Company’s Support of the YAL Rights Issue” under section VIII of the “Letter from the Board” in the Original Circular for details. If the Company could not obtain the SAFE Approval before the Completion, the Company believes it could employ funds or other financial means available overseas, which do not require the SAFE Approval, to subscribe its entitlement in YAL Rights Issue. As such, and given the high probability of obtaining the SAFE Approval, the Company do not expect that the failure to obtain the SAFE Approval before the Completion would affect the Completion.

As stated above, after balancing the Waivers and the overall benefits of the Acquisition for Yancoal Australia and the Company, the Board considers that the provision of the Waivers is in the interest of the Company and its Shareholders. Please refer to section 5 headed “Reasons for and Benefits of the Acquisition” under section VIII of the “Letter from the Board” in the Original Circular for more details.

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## LETTER FROM THE BOARD

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### FURTHER AMENDMENT DOCUMENTATION

On 26 June 2017, the Purchaser entered into further amending documentation with the Vendors amending the SPA and associated royalty arrangements (the “**Further Amendment Documentation**”). Pursuant to the Further Amendment Documentation, the SPA and associated royalty arrangements are amended to the effect that:

- (i) The cap amount of the aggregate amount of royalties payable by the C&A subsidiaries under all of the Royalty Deeds is reduced to USD410 million. Please refer to section 2.12(d) headed “Royalty Deed” under section VIII of the “Letter from the Board” in the Original Circular for more details;
- (ii) A new royalty arrangement deed (the “**Royalty Arrangement Deed**”) shall be executed and delivered at the Completion. Pursuant to the Royalty Arrangement Deed:
  - 1. Yancoal Australia shall pay ACH non-contingent royalty amounts (the “**Non-Contingent Royalty Amounts**”) as follows:
    - a. total USD110 million in respect of the period from the date of the Royalty Arrangement Deed to 31 December 2017;
    - b. total USD90 million in respect of the period from 1 January 2018 to 31 December 2018;
    - c. total USD20 million in respect of the period from 1 January 2019 to 31 December 2019;
    - d. total USD10 million in respect of the period from 1 January 2020 to 31 December 2020; and
    - e. total USD10 million in respect of the period from 1 January 2021 to 31 December 2021.
  - 2. Yancoal Australia shall provide five letters of credit to ACH on the date of the Royalty Arrangement Deed, in amounts equal to the Non-Contingent Royalty Amounts to be paid in respect of each period to secure the payment of those amounts.
- (iii) the Purchaser must provide the Vendors with drafts of the five letters of credit referred to in the Royalty Arrangement Deed no later than 17 July 2017;

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## LETTER FROM THE BOARD

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The amendment (i) and (ii) above was primarily due to the intention of Yancoal Australia to provide Rio Tinto with certainty on the consideration it would receive under the SPA while maintaining a deferred payment structure. As the Non-Contingent Royalty Amounts are in the form of royalty payments, the cap amount of the aggregate amount of royalties payable by the C&A subsidiaries under all of the Royalty Deeds is reduced accordingly. The arrangement was a result of commercial negotiations between parties after Glencore, the competitor of Yancoal Australia, made an improved offer to Rio Tinto. Please refer to the announcement of the Company dated 26 June 2017.

**Completion is conditional upon the satisfaction of all the Conditions Precedent set out in the SPA. Shareholders and potential investors should exercise caution when dealing in the securities of the Company. If the Shareholders and potential investors of the Company are in any doubt about their position, they should consult their professional advisors.**

### FINANCIAL ASSISTANCE MADE BY YANKUANG GROUP

On 20 June 2017, Yankuang Group entered into a financial assurance letter (the “**Financial Assurance Letter**”) with the Vendors. On 26 June 2017, a revised financial assurance letter (the “**Revised Financial Assurance Letter**”) was entered into by Yankuang Group which replaced the Financial Assurance Letter in its entirety. Pursuant to the Revised Financial Assurance Letter, Yankuang Group unconditionally and irrevocably undertakes to the Vendors that, if the YAL Rights Issue does not raise at least USD2.1 billion, Yankuang Group will place sufficient funds for Yancoal Australia to pay, and will ensure that Yancoal Australia pays, the USD2.45 billion purchase price at the Completion as required under the SPA. The maximum liability of Yankuang Group under the undertaking is USD2.1 billion.

Pursuant to the Revised Financial Assurance Letter, by no later than 27 June 2017, Yankuang Group (or an affiliate of Yankuang Group) will (i) provide a deposit of USD100 million (the “**Cash Component**”) into escrow for the Vendors and (ii) within 21 days after the date of the Revised Financial Assurance Letter, deliver to the Vendors an irrevocable and unconditional bank guarantee for USD125 million in favour of the Vendors (the “**Letter of Credit**”).

If Yancoal Australia fails to complete the Acquisition on the basis of default at the Completion, then (i) the Cash Component will be forfeited; and (ii) the Vendors shall be entitled to immediately call for payment under the Letter of Credit. If the SPA is terminated for any other reasons, the Cash Component (together with all interest accrued thereon), shall be refunded to Yankuang Group, and the Vendor must return the undrawn Letter of Credit to Yankuang Group. If Completion occurs, Yankuang Group shall be entitled to be paid the Cash Component (together with all interest accrued thereon) and the Vendor must return the undrawn Letter of Credit to Yankuang Group.

The financial assistance provided by Yankuang Group to the Company in relation to the Revised Financial Assurance Letter will be on normal commercial terms and no specific term or interest rate has been decided as of the Supplementary Circular Latest Practicable Date.

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## LETTER FROM THE BOARD

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### Implications under the Hong Kong Listing Rules

Yankuang Group is a controlling Shareholder of the Company holding directly or indirectly approximately 56.59% of the issued share capital of the Company as at the Supplementary Circular Latest Practicable Date and thus a connected person of the Company under the Hong Kong Listing Rules.

As the financial assistance made by Yankuang Group to the Company pursuant to the Financial Assurance Letter is on normal commercial terms, and no security over the assets of the Group is or will be granted in respect of such financial assistance, such financial assistance is fully exempt from reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Hong Kong Listing Rules.

### ACCEPTANCE OF THE TAG-ALONG OFFER OF HVO JOINT VENTURE

On 12 June 2017, HVOR has accepted the Tag-along Offer. The terms of the Tag Transaction remain the same as those set out in section 3 headed "Tag-Along Offer of HVO Joint Venture" under section VIII of the "Letter from the Board" in the Original Circular.

### WARKWORTH CALL OPTION

Reference is made to the announcements dated 12 June 2017. Yancoal Australia was granted an irrevocable right (the "**Call Option**") by Mitsubishi Development Pty Ltd ("**MDP**"), which owns 100% of HVOR, to purchase 28.898% of its equity interest (the "**MDP's Warkworth interest**") in Warkworth Joint Venture with an exercise price of US\$230 million (the "**Exercise Price**"). As at the Supplementary Circular Latest Practicable Date, C&A holds 55.574% of the equity interest in Warkworth Joint Venture. The premium being paid by Yancoal Australia is USD10 million (the "**Premium**"), which would be paid at completion of the Tag Transaction and will be set off against the Exercise Price when Yancoal Australia exercises the Call Option. Yancoal Australia may exercise the option at any time from the date of the Completion up to 31 December 2018.

The purchase of MDP's Warkworth interest is subject to certain conditions precedent, including (i) waiver (or non-exercise) of rights of pre-emption held by other participants in the Warkworth Joint Venture; (ii) completion of the Tag Transaction; and (iii) to the extent required, receipt of regulatory approvals (comprising Australian Foreign Investment Review Board and PRC outbound approvals from (1) the State-owned Asset Supervision and Administration Commission of Shandong Provincial Government (山東省人民政府國有資產監督管理委員會), (2) the National Development and Reform Commission (國家發展與改革委員會), (3) the Ministry of Commerce of the PRC (中華人民共和國商務部); and (4) the State Administration of Foreign Exchange of the PRC (國家外匯管理局); and (iv) if required, approval by shareholders of the Company and/or Yancoal Australia.

### Implications under the Hong Kong Listing Rules

Pursuant to Rule 14.75(1) of the Hong Kong Listing Rules, the Premium does not represent 10% or more of the sum of the Premium and the Exercise Price, and the relevant highest applicable percentage ratio (as defined in the Hong Kong Listing Rules) of the

## LETTER FROM THE BOARD

Premium is less than 5%. Therefore, being granted the Call Option does not constitute a notifiable transaction under Chapter 14 of the Hong Kong Listing Rules. The Company will comply with the relevant applicable rules under Chapter 14 or Chapter 14A, where applicable, of the Hong Kong Listing Rules upon exercise of the Call Option by Yancoal Australia.

### FINANCIAL EFFECT OF THE ACQUISITION

Due to the acceptance of the Tag-along Offer, the acceleration of the Purchase Price at Completion and amended royalty payments arrangement, section 7.3 headed “Financial Effects” under section VIII of the “Letter from the Board” in the Original Circular shall be replaced by the below:

Upon completion of the Acquisition, C&A will become a 100%-owned subsidiary of Yancoal Australia and thus a consolidated subsidiary of the Company. In addition to the Acquisition, after Yancoal Australia acquires the Participating Interest of HVOR, Yancoal Australia will own an additional 32.4% interest in HVO upon completion of the Tag Transaction. The table below sets forth, for illustrative purposes only, the key financials of the Group and the pro forma financial information of the Enlarged Group after the completion of the Acquisition and Tag Transaction (“**Scenario**”), assuming that the completion of the Acquisition and Tag Transaction, had occurred as at December 31, 2016 (for unaudited pro forma consolidated statement of financial position) or January 1, 2016 (for unaudited pro forma consolidated statement of profit or loss).

### Unaudited Pro Forma Consolidated Statement of Financial Position

	<b>Audited Consolidated Financial Position of the Group</b>	<b>Unaudited pro forma consolidated statement of financial position of the Enlarged Group</b>
	<b>As of December 31, 2016</b>	
	<b>Actual</b>	<b>Scenario</b>
	<i>(RMB in millions)</i>	
Total current assets	41,511.4	22,702.9
Total non-current assets	<u>105,944.1</u>	<u>144,778.7</u>
Total assets	147,455.5	167,481.6
Total current liabilities	51,383.8	56,329.1
Total non-current liabilities	<u>42,668.1</u>	<u>54,110.1</u>
Total liabilities	94,051.9	110,439.2
Equity	53,403.6	57,042.4

## LETTER FROM THE BOARD

### Unaudited Pro Forma Consolidated Statement of Profit or Loss

	<b>Audited Consolidated Statement of Profit/Loss of the Group</b>	<b>Unaudited pro forma consolidated statement of Profit/Loss of the Enlarged Group</b>
	<b>For the year ended December 31, 2016</b>	
	<b>Actual</b>	<b>Scenario</b>
	<i>(RMB in millions)</i>	
Total revenue	33,272.4	43,423.4
Total cost of sales	<u>(23,808.4)</u>	<u>(32,037.8)</u>
Gross profit	9,464.0	11,385.6
Profit before tax	2,695.1	7,598.3
Profit for the year	1,878.2	6,380.2

Please see “Appendix X – Unaudited Pro Forma Financial Information of the Enlarged Group” to the Original Circular and “Appendix I – Supplementary Unaudited Pro Forma Financial Information of the Enlarged Group” to this supplementary circular for more details.

### SUFFICIENCY OF WORKING CAPITAL

The statement of the sufficiency working capital of the Combined Group remained the same as disclosed in the section headed “Sufficiency of Working Capital” under the Appendix V Financial Information in the Original Circular.

### III. PROPOSED APPLICATION FOR THE ISSUE OF NOT MORE THAN 647,000,000 A SHARES IN THE PRC

References are made to the announcements dated 24 January 2017, 31 March 2017 and 20 June 2017 of the Company and the Original Circular in relation to, among others, the Acquisition and the Additional A Shares Issue.

References are also made to the overseas regulatory announcements of the Company published on the website of the Hong Kong Stock Exchange on 31 March 2017, 28 April 2017 and 29 June 2017, which sets out (i) the proposal in relation to the feasibility analysis report of utilizing the proceeds raised from the non-public issuance of A shares in 2017 by Yanzhou Coal Mining Company Limited and (ii) the proposal in relation to the non-public issuance of A Shares in 2017 by Yanzhou Coal Mining Company Limited as revised by the amendments made by the Amendment Deed and the acceptance of the Tag-along Offer.

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## LETTER FROM THE BOARD

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References in the Original Circular to “AGM”, “A Shareholders Class Meeting”, “H Shareholders Class Meeting” and “Class Meetings” in section IX headed “ Proposed Application for the Issue of Not More Than 647,000,000 A Shares in the PRC” in the “Letter from the Board” shall mean “EGM”, “3rd A Shareholders Class Meeting”, “3rd H Shareholders Class Meeting” and “3rd Class Meetings” respectively.

In addition to the resolutions set out in section 4 headed “Reasons for and Benefits of the Additional A Shares Issue” under section IX of the “Letter from the Board” of the Original Circular, the following resolution will also be proposed at the EGM for the Shareholders to consider and, if thought fit, approve, in accordance with the relevant PRC regulatory requirements:

Proposal in relation to the non-necessity for the Company to prepare a report for the previous fund-raising 《關於公司無需編制前次募集資金使用情況報告的議案》. The main content of the aforesaid proposal is that the Company does not need to prepare a report for the previous fund-raising.

#### **IV. THE EGM, 3RD A SHAREHOLDERS’ CLASS MEETING AND 3RD H SHAREHOLDERS’ CLASS MEETING**

The notices convening the EGM, the 3rd A Shareholders’ Class Meeting and the 3rd H Shareholders’ Class Meeting are set out on pages 13 to 20 of this Supplementary Circular.

**The following resolutions will be proposed to the Shareholders at the EGM:**

**As ordinary resolutions:**

1. To consider and approve the acquisition of the share capital of Coal & Allied Industries Limited by Yancoal Australia Co., Ltd. and the transactions contemplated thereunder, including the offer made to HVO Resources Pty Ltd.;
2. To consider and approve the Proposal in relation to the Company’s compliance with the requirements of non-public issuance of shares;
3. To consider and approve the Proposal in relation to the feasibility analysis report of implementing the use of proceeds of the non-public issuance of RMB ordinary shares of the Company, details of which are set out in Appendix XIII to the Original Circular;
4. To consider and approve the Proposal in relation to submission to the extraordinary general meeting of the Company to authorize the Board to deal with matters relating to the non-public issuance of shares at its full discretion;
5. To consider and approve the Proposal in relation to dilution of immediate return and return recovery measures upon the non-public issuance of shares of the Company, details of which are set out in Appendix XIV to the Original Circular;

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## LETTER FROM THE BOARD

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6. To consider and approve the Proposals in relation to certain commitments by the controlling shareholders, directors and senior management of the Company relating to recovery of immediate return, details of which are set out in Appendix XV to the Original Circular;
7. To consider and approve the Proposal in relation to the non-necessity for the Company to prepare a report for the previous fund-raising.

**As special resolutions:**

8. To consider and approve the Proposal in relation to the Company's non-public issuance of shares to specific persons; and
9. To consider and approve the Proposal of non-public issuance of A shares of the Company.

**The following resolution will be proposed to the Shareholders at the 3rd A Shareholders' Class Meeting and the 3rd H Shareholders' Class Meeting:**

**As special resolutions:**

1. To consider and approve the Proposal in relation to the Company's non-public issuance of shares to specific persons; and
2. To consider and approve the Proposal of non-public issuance of A shares of the Company.

**It should be noted that in addition to the approvals being sought from the Shareholders at the EGM, 3rd A Shareholders Class Meeting and 3rd H Shareholders Class Meeting, the Additional A Shares Issue is also subject to approval by the CSRC and relevant PRC authorities. There is no assurance that the Additional A Shares Issue will proceed. Investors are advised to exercise caution when dealing in H Shares. Further details of the Additional A Shares Issue will be disclosed by the Company when the Additional A Shares Issue materializes.**

### **V. CLOSURE OF H SHARE REGISTER OF MEMBERS OF THE COMPANY**

The H Share register of members of the Company will be closed from Wednesday, 26 July 2017 to Friday, 25 August 2017, 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 EGM and the 3rd H Shareholders' Class Meeting. In order to attend EGM and the 3rd 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, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 25 July 2017 for registration. H Shareholders whose names appear on the H Share register of members of the Company maintained by Hong Kong Registrars Limited on or before the above date will be eligible to attend the EGM and 3rd H Shareholders' Class Meeting.

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## LETTER FROM THE BOARD

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Whether or not you are able to attend the respective meetings in person, you are strongly advised to complete and sign the enclosed form of proxy in accordance with the instructions printed thereon. For holders of H Shares, the proxy form shall be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. For holders of A Shares, the proxy form shall be lodged at the Office of the Secretary to the Board at 298 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.

### VI. RECOMMENDATION OF THE BOARD

The Directors consider that the proposals and the amendments relating to (1) very substantial acquisition – acquisition of Coal & Allied from Rio Tinto; and (2) proposed application for the issue of not more than 647,000,000 A Shares in the PRC are in the overall interests of the Company and its Shareholders as a whole. As such, the Board recommends that all Shareholders to vote in favour of the aforesaid resolutions to be proposed at the EGM, 3rd A Shareholders' Class Meeting and 3rd H Shareholders' Class Meeting (as the case may be).

### VII. ADDITIONAL INFORMATION

Your attention is also drawn to the appendices to this supplementary circular.

### VIII. RESPONSIBILITY STATEMENT

This supplementary 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 supplementary 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 supplementary circular misleading.

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

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## NOTICE OF 2017 SECOND EXTRAORDINARY GENERAL MEETING

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兖州煤業股份有限公司

**YANZHOU COAL MINING COMPANY LIMITED**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock Code: 1171)

### NOTICE OF 2017 SECOND EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2017 second extraordinary general meeting (the “**EGM**”) of Yanzhou Coal Mining Company Limited (the “**Company**”) will be held at 9:00 a.m. on 25 August 2017 at the headquarters of the Company, 298 South Fushan Road, Zoucheng, Shandong Province 273500, the People's Republic of China (the “**PRC**”) for the purpose of considering and, if thought fit, passing the following resolutions of the Company (details of which are set out in the circular of the Company dated 2 June 2017 as supplemented by the supplementary circular of the Company dated 30 June 2017 (together, the “**Circular**”) and unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the Circular):

- (1) Ordinary Resolution: “**THAT**, to consider and approve the acquisition of the share capital of Coal & Allied Industries Limited by Yancoal Australia Co., Ltd. and the transactions contemplated thereunder, including the offer made to HVO Resources Pty Ltd.”.
- (2) Ordinary Resolution: “**THAT**, to consider and approve the Proposal in relation to the Company's compliance with the requirements of non-public issuance of shares”.
- (3) Ordinary Resolution: “**THAT**, to consider and approve the Proposal in relation to the feasibility analysis report of implementing the use of proceeds of the non-public issuance of RMB ordinary shares of the Company”.
- (4) Ordinary Resolution: “**THAT**, to consider and approve the Proposal in relation to submission to the extraordinary general meeting of the Company to authorize the Board to deal with matters relating to the non-public issuance of shares at its full discretion”.
- (5) Ordinary Resolution: “**THAT**, to consider and approve the Proposal in relation to dilution of immediate return and return recovery measures upon the non-public issuance of shares of the Company”.
- (6) Ordinary Resolution: “**THAT**, to consider and approve the Proposals in relation to certain commitments by the controlling shareholders, directors and senior management of the Company relating to recovery of immediate return”.

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## NOTICE OF 2017 SECOND EXTRAORDINARY GENERAL MEETING

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- (7) Ordinary Resolution: “**THAT**, to consider and approve the Proposal in relation to the non-necessity for the Company to prepare a report for the previous fund-raising”.
- (8) Special Resolution: “**THAT**, to consider and approve the Proposal in relation to the Company’s non-public issuance of shares to specific persons”.
  - (8.01) Class and nominal value of shares to be issued;
  - (8.02) Method and time of the issue;
  - (8.03) Issue price and pricing principle;
  - (8.04) Number of new shares to be issued;
  - (8.05) Use of proceeds;
  - (8.06) Lock-up period;
  - (8.07) Arrangement relating to the accumulated undistributed profits;
  - (8.08) Validity of resolution of the Issue;
  - (8.09) Place of listing;
  - (8.10) Method of subscription.
- (9) Special Resolution: “**THAT**, to consider and approve the Proposal of non-public issuance of A shares of the Company”.

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

Zoucheng, Shandong, the PRC

30 June 2017

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# NOTICE OF 2017 SECOND EXTRAORDINARY GENERAL MEETING

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*Notes:*

## **1. Eligibility for attending the EGM**

Holders of the Company's overseas listed foreign invested shares (in the form of H Shares) whose names appear on the Company's register of members of H Shares which is maintained by Hong Kong Registrars Limited at the close of business on Tuesday, 25 July 2017 are entitled to attend the EGM after completing the registration procedures for attending the EGM. Holders of H Shares, who intend to attend the EGM, must deliver the completed reply slips for attending the EGM to the Office of the Secretary to the Board no later than Friday, 4 August 2017. Shareholders can deliver the necessary documents for registration to the Company in person, by post or by facsimile. Further details of the requirements of the instrument appointing the proxies are set out in note 2 below.

## **2. Proxy**

Each holder of H Shares who has the right to attend and vote at the EGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his behalf at the EGM. The proxies of a Shareholder who has appointed more than one proxy may only vote on a poll. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity, either under seal or under the hand of a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointer, the power of attorney authorizing that attorney to sign, or other documents of authorization, must be notarized. For holders of H Shares, the power of attorney or other documents of authorization and proxy forms must be delivered to Hong Kong Registrars Limited (17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof in order for such documents to be valid.

## **3. Closure of register of members**

The H Share register of members of the Company will be closed, for the purpose of determining Shareholders' entitlement to attend the EGM, from Wednesday, 26 July 2017 to Friday, 25 August 2017 (both days inclusive), during which period no transfer of the Company's H Shares will be registered. In order to attend the EGM, 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 25 July 2017 for registration. H Shareholders whose names appear on the H Share register of members of the Company maintained by Hong Kong Registrars Limited on or before the above date will be eligible to attend the EGM.

## **4. Miscellaneous**

- (1) The EGM is expected to last half a day. Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.
- (2) All voting at the EGM will be conducted by a poll.
- (3) Details of the Office of the Secretary to the Board are as follows:

298 South Fushan Road  
Zoucheng  
Shandong Province 273500 PRC  
Tel: 86-537-5382319  
Fax: 86-537-5383311

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## NOTICE OF 2017 THIRD CLASS MEETING OF THE HOLDERS OF A SHARES

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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)

## NOTICE OF 2017 THIRD CLASS MEETING OF THE HOLDERS OF A SHARES

**NOTICE IS HEREBY GIVEN** that the 2017 third class meeting of the holders of A shares (the **“3rd A Shareholders’ Class Meeting”**) of Yanzhou Coal Mining Company Limited (the **“Company”**) will be held at 11:00 a.m. on 25 August 2017 at the headquarters of the Company, 298 South Fushan Road, Zoucheng, Shandong Province, 273500, the People’s Republic of China (the **“PRC”**) for the purpose of considering and, if thought fit, passing the following resolutions (details of which are set out in the circular of the Company dated 2 June 2017 as supplemented by the supplementary circular of the Company dated 30 June 2017 (together, the **“Circular”**) and unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the Circular):

### Special Resolutions

#### **“THAT**

#### **1. To consider and approve the Proposal in relation to the Company’s non-public issuance of shares to specific persons:**

- 1.01 Class and nominal value of shares to be issued;
- 1.02 Method and time of the issue;
- 1.03 Issue price and pricing principle;
- 1.04 Number of new shares to be issued;
- 1.05 Use of proceeds;
- 1.06 Lock-up period;
- 1.07 Arrangement relating to the accumulated undistributed profits;
- 1.08 Validity of resolution of the Issue;
- 1.09 Place of listing;

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## NOTICE OF 2017 THIRD CLASS MEETING OF THE HOLDERS OF A SHARES

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1.10 Method of subscription.

- 2. To consider and approve the Proposal of non-public issuance of A shares of the Company.**

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

Zoucheng, Shandong, the PRC

30 June 2017

*Notes:*

**1. Eligibility for attending the 3rd A Shareholders' Class Meeting**

Holders of A Shares whose names appear on the Company's register of members of A Shares at the close of business on Tuesday, 25 July 2017 are entitled to attend the 3rd A Shareholders' Class Meeting. Holders of A Shares, who intend to attend the 3rd A Shareholders' Class Meeting, must deliver the completed reply slip for attending the 3rd A Shareholders' Class Meeting to the Office of the Secretary of the Board no later than Friday, 4 August 2017. Shareholders can deliver the necessary documents for registration to the Company in person, by post or by facsimile. Further details of the requirements of the instrument appointing the proxies are set out in note 2 below.

**2. Proxy**

Each holder of A Shares who has the right to attend and vote at the 3rd A Shareholders' Class Meeting is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his behalf at the 3rd A Shareholders' Class Meeting. The proxies of a Shareholder who has appointed more than one proxy may only vote on a poll. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity, either under seal or under the hand of a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointer, the power of attorney authorizing that attorney to sign, or other documents of authorization, must be notarized.

**3. Miscellaneous**

- (1) Holders of the A Shares attending the 3rd A Shareholders' Class Meeting are responsible for their own transportation and accommodation expenses.
- (2) All voting at the 3rd A Shareholders' Class Meeting will be conducted by a poll.
- (3) Details of the Office of the Secretary of the Board are as follows:

298 South Fushan Road  
Zoucheng  
Shandong Province 273500 PRC  
Tel: 86-537-5382319  
Fax: 86-537-5383311

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## NOTICE OF 2017 THIRD CLASS MEETING OF THE HOLDERS OF H SHARES

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兖州煤業股份有限公司

**YANZHOU COAL MINING COMPANY LIMITED**

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

**(Stock Code: 1171)**

### NOTICE OF 2017 THIRD CLASS MEETING OF THE HOLDERS OF H SHARES

**NOTICE IS HEREBY GIVEN** that the 2017 third class meeting of the holders of H shares (the **“3rd H Shareholders’ Class Meeting”**) of Yanzhou Coal Mining Company Limited (the **“Company”**) will be held at 11:30 a.m. on 25 August 2017 at the headquarters of the Company, 298 South Fushan Road, Zoucheng, Shandong Province, 273500, the People’s Republic of China (the **“PRC”**) for the purpose of considering and, if thought fit, passing the following resolutions of the Company (details of which are set out in the circular of the Company dated 2 June 2017 as supplemented by the supplementary circular of the Company dated 30 June 2017 (together, the **“Circular”**)) and unless otherwise indicated, capitalized terms used in this notice shall have the same meanings as those defined in the Circular):

#### **Special Resolutions**

**“THAT**

**1. To consider and approve the Proposal in relation to the Company’s non-public issuance of shares to specific persons:**

- 1.01 Class and nominal value of shares to be issued;
- 1.02 Method and time of the issue;
- 1.03 Issue price and pricing principle;
- 1.04 Number of new shares to be issued;
- 1.05 Use of proceeds;
- 1.06 Lock-up period;
- 1.07 Arrangement relating to the accumulated undistributed profits;
- 1.08 Validity of resolution of the Issue;

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## NOTICE OF 2017 THIRD CLASS MEETING OF THE HOLDERS OF H SHARES

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1.09 Place of listing;

1.10 Method of subscription.

- 2. To consider and approve the Proposal of non-public issuance of A shares of the Company.**

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

Zoucheng, Shandong, the PRC

30 June 2017

*Notes:*

**1. Eligibility for attending the 3rd H Shareholders' Class Meeting**

Holders of H Shares whose names appear on the Company's register of members of H Shares at the close of business on Tuesday, 25 July 2017 are entitled to attend the 3rd H Shareholders' Class Meeting. Holders of H Shares, who intend to attend the 3rd H Shareholders' Class Meeting, must deliver the completed reply slip for attending the 3rd H Shareholders' Class Meeting to the Office of the Secretary of the Board no later than Friday, 4 August 2017. Shareholders can deliver the necessary documents for registration to the Company in person, by post or by facsimile. Further details of the requirements of the instrument appointing the proxies are set out in note 2 below.

**2. Proxy**

Each holder of H Shares who has the right to attend and vote at the 3rd H Shareholders' Class Meeting is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his behalf at the 3rd H Shareholders' Class Meeting. The proxies of a Shareholder who has appointed more than one proxy may only vote on a poll. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity, either under seal or under the hand of a director or a duly authorized attorney. If that instrument is signed by an attorney of the appointer, the power of attorney authorizing that attorney to sign, or other documents of authorization, must be notarized. For holders of H Shares, the power of attorney or other documents of authorization and proxy forms must be delivered to Hong Kong Registrars Limited (17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) no less than 24 hours before the time appointed for the holding of the 3rd H Shareholders' Class Meeting or any adjournment thereof in order for such documents to be valid.

**3. Closure of register of members**

**The H Share register of members of the Company will be closed from Wednesday, 26 July 2017 to Friday, 25 August 2017 (both days inclusive),** during which period no transfer of the Company's H Shares will be registered. In order to attend the 3rd 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 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Tuesday, 25 July 2017 for registration.

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## NOTICE OF 2017 THIRD CLASS MEETING OF THE HOLDERS OF H SHARES

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### 4. Miscellaneous

- (1) Holders of the H Shares attending the 3rd H Shareholders' Class Meeting are responsible for their own transportation and accommodation expenses.
- (2) All voting at the 3rd H Shareholders' Class Meeting will be conducted by a poll.
- (3) Details of the Office of the Secretary of the Board are as follows:

298 South Fushan Road  
Zoucheng  
Shandong Province 273500 PRC  
Tel: 86-537-5382319  
Fax: 86-537-5383311

*The following is the text of a report, prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, SHINEWING (HK) CPA Limited. A copy of the following accountants' report is available for inspection.*



SHINEWING (HK) CPA Limited  
43/F., Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

30 June 2017  
The Board of Directors  
Yanzhou Coal Mining Company Limited  
298 Fushan South Road  
Zoucheng City  
Shandong Province  
PRC

Dear Sirs,

We have completed our assurance engagement to report on the compilation of supplementary unaudited pro forma financial information of Yanzhou Coal Mining Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The supplementary unaudited pro forma financial information (the “**Supplementary Unaudited Pro Forma Financial Information**”) consists of the supplementary unaudited pro forma consolidated statement of financial position as at 31 December 2016, the supplementary unaudited pro forma consolidated statement of profit or loss and other comprehensive income and supplementary unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2016, and related notes as set out on pages I-5 to I-17 of the supplementary circular of the Company dated 30 June 2017 (the “**Supplementary Circular**”) in connection with the proposed acquisition (the “**Proposed Acquisition**”) of the entire equity interest in the Coal & Allied Industries Limited (the “**Target**”) by Yancoal Australia Limited, a subsidiary of the Company. The Group and the Target are herein collectively referred to as the “Enlarged Group”. The applicable criteria on the basis of which the directors of the Company have compiled the Supplementary Unaudited Pro Forma Financial Information are described on pages I-5 to I-17 of the Supplementary Circular.

The Supplementary Unaudited Pro forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Proposed Acquisition with the revised contract terms and the exercise of the Tag-Along Offer (as defined in the circular of the Company dated 2 June 2017 (the “**Original Circular**”) on the Group’s financial position at 31 December 2016 as if Proposed Acquisition with the revised contract terms and the Tag-Along Offer had been completed/exercised on 31 December 2016 and the Group’s financial performance and cash flows for the year ended 31 December 2016 as if the Proposed Acquisition with the revised contract term and the Tag-Along Offer had been completed/exercised on 1 January 2016. As part of this process, information about the Enlarged Group’s original pro forma financial position, financial performance and cash

flows has been extracted by the directors of the Company from the original unaudited pro forma financial information of the Enlarged Group as at 31 December 2016 or year ended 31 December 2016, as set out in Appendix X of the Original Circular.

### **Directors' Responsibility for the Supplementary Unaudited pro forma Financial Information**

The directors of the Company are responsible for compiling the Supplementary Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Supplementary Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Supplementary Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Supplementary Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Supplementary Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the Proposed Acquisition on unadjusted financial information of the Group as if the Proposed Acquisition had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition with the revised contract terms and the Tag-Along Offer at 31 December 2016 or year ended 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the Supplementary Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the Supplementary Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether: (i) the related unaudited pro forma adjustments give appropriate effect to those criteria; and (ii) the Supplementary Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Supplementary Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Supplementary Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (i) the Supplementary Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (ii) such basis is consistent with the accounting policies of the Group; and
- (iii) the adjustments are appropriate for the purposes of the Supplementary Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Lau Kai Wong**

**Practising Certificate Number: P06623**

Hong Kong

## INTRODUCTION

As set out in Appendix X of the circular of Yanzhou Coal Mining Company Limited (the “**Company**”) dated on 2 June 2017 (the “**Original Circular**”), an unaudited pro forma financial information (the “**Original Unaudited Pro Forma Financial Information**”) of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) including Coal & Allied Industries Limited (the “**Target**”) (the Group including the Target hereinafter referred to as the “**Enlarged Group**”) in connection with the proposed acquisition (the “**Proposed Acquisition**”) of the entire equity interest in the Target by Yancoal Australia Limited, a subsidiary of the Company, had been prepared by the directors of the Company (the “**Directors**”) to illustrate the effect of the Proposed Acquisition and the exercise of the Tag-Along Offer.

As a result of the changes in the terms of the Proposed Acquisition as set out in the Original Circular and the acceptance of the Tag-Along Offer (as defined in the Original Circular) by the counterparty, the following supplementary unaudited pro forma financial information had been prepared by the directors of the Company to illustrate the effect of the aforesaid changes on the Enlarged Group. As it is prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the financial position of the Enlarged Group following the completion of the above transactions.

The supplementary unaudited pro forma financial information of the Enlarged Group is prepared based on the Original Unaudited Pro Forma Financial Information as extracted from the Original Circular and included necessary adjustments to the changes in the terms of the Proposed Acquisition.

The supplementary unaudited pro forma financial information set out in section A has been prepared to illustrate the effect of the Proposed Acquisition with the revised contract terms and the exercise of the Tag-Along Offer on the Group’s financial position on 31 December 2016 for the supplementary unaudited pro forma consolidated statement of assets and liabilities and on 1 January 2016 for the supplementary unaudited pro forma consolidated income statement and unaudited pro forma consolidated statement of cash flows.

The Supplementary Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the Original Unaudited Pro Forma Financial Information included in the Original Circular.

**APPENDIX I**
**SUPPLEMENTARY UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE ENLARGED GROUP**
**A. SUPPLEMENTARY PRO FORMA FINANCIAL INFORMATION OF THE  
ENLARGED GROUP**
**(i) Supplementary Pro Forma Consolidated Statement of Financial Position of  
the Enlarged Group as at 31 December 2016**

	<b>The Enlarged Group as original <i>RMB'000</i> <i>Note 1</i></b>	<b>Pro forma adjustment <i>RMB'000</i> <i>Note 2</i></b>	<b>The Enlarged Group as revised <i>RMB'000</i></b>	<b>Pro forma adjustment <i>RMB'000</i> <i>Note 3</i></b>	<b>The Enlarged Group as revised <i>RMB'000</i></b>
<b>Current assets</b>					
Bank balances and cash	(1,154,813)	(3,352,400)	(4,507,213)	–	(4,507,213)
Term deposits	2,445,000	–	2,445,000	–	2,445,000
Restricted cash	1,144,800	–	1,144,800	–	1,144,800
Bills and accounts receivable	10,964,135	–	10,964,135	–	10,964,135
Held-to-maturity investments	130,573	–	130,573	–	130,573
Long term receivables – due within one year	1,944,050	–	1,944,050	–	1,944,050
Royalty receivable	156,461	–	156,461	–	156,461
Inventories	2,555,067	–	2,555,067	–	2,555,067
Prepayments and other receivables	7,813,421	–	7,813,421	–	7,813,421
Prepaid lease payments	29,056	–	29,056	–	29,056
Tax recoverable	27,555	–	27,555	–	27,555
<b>Total current assets</b>	<b>26,055,305</b>	<b>(3,352,400)</b>	<b>22,702,905</b>	<b>–</b>	<b>22,702,905</b>
<b>Non-current assets</b>					
Intangible assets	72,886,925	–	72,886,925	–	72,886,925
Prepaid lease payments	872,202	–	872,202	–	872,202
Property, plant and equipment	35,675,824	–	35,675,824	–	35,675,824
Construction in progress	11,030,058	–	11,030,058	–	11,030,058
Goodwill	1,646,717	–	1,646,717	–	1,646,717
Investments in securities	2,624,003	–	2,624,003	–	2,624,003
Investment in associate	6,168,657	–	6,168,657	–	6,168,657
Interest in joint ventures	65,390	–	65,390	–	65,390
Held-to-maturity investments	69,427	–	69,427	–	69,427
Long term receivables – due after one year	4,667,837	–	4,667,837	–	4,667,837
Royalty receivable	841,300	–	841,300	–	841,300
Deposits made on investments	118,926	–	118,926	–	118,926
Deferred tax assets	8,111,387	–	8,111,387	–	8,111,387
<b>Total non-current assets</b>	<b>144,778,653</b>	<b>–</b>	<b>144,778,653</b>	<b>–</b>	<b>144,778,653</b>
<b>Total assets</b>	<b>170,833,958</b>	<b>(3,352,400)</b>	<b>167,481,558</b>	<b>–</b>	<b>167,481,558</b>

**APPENDIX I**
**SUPPLEMENTARY UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	<b>The Enlarged Group as original <i>RMB'000</i> <i>Note 1</i></b>	<b>Pro forma adjustment <i>RMB'000</i> <i>Note 2</i></b>	<b>The Enlarged Group as revised <i>RMB'000</i></b>	<b>Pro forma adjustment <i>RMB'000</i> <i>Note 3</i></b>	<b>The Enlarged Group as revised <i>RMB'000</i></b>
<b>Current liabilities</b>					
Bills and accounts payable	7,640,527	–	7,640,527	–	7,640,527
Other payables and accrued expenses	12,152,660	–	12,152,660	–	12,152,660
Provision for land subsidence, restoration, rehabilitation and environmental costs	2,725,654	–	2,725,654	–	2,725,654
Amounts due to Parent and its subsidiary companies	315,956	–	315,956	–	315,956
Borrowings – due within one year	30,741,981	–	30,741,981	–	30,741,981
Long term payable and provision – due within one year	396,285	–	396,285	737,528	1,133,813
Provision	818,316	–	818,316	–	818,316
Derivative financial instruments	3,246	–	3,246	–	3,246
Tax payable	21,910	–	21,910	–	21,910
Liabilities held for resale	775,051	–	775,051	–	775,051
<b>Total current liabilities</b>	<u>55,591,586</u>	<u>–</u>	<u>55,591,586</u>	<u>737,528</u>	<u>56,329,114</u>
<b>Non-current liabilities</b>					
Borrowing – due after one year	34,835,810	–	34,835,810	–	34,835,810
Deferred income	14,588	–	14,588	–	14,588
Deferred tax liabilities	16,279,769	–	16,279,769	–	16,279,769
Provision for land subsidence, restoration, rehabilitation and environmental costs	1,240,918	–	1,240,918	–	1,240,918
Long term payable and provision – due after one year	3,653,211	(2,681,920)	971,291	767,700	1,738,991
<b>Total non-current liabilities</b>	<u>56,024,296</u>	<u>(2,681,920)</u>	<u>53,342,376</u>	<u>767,700</u>	<u>54,110,076</u>
<b>Total liabilities</b>	<u>111,615,882</u>	<u>(2,681,920)</u>	<u>108,933,962</u>	<u>1,505,228</u>	<u>110,439,190</u>

**APPENDIX I**
**SUPPLEMENTARY UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	<b>The Enlarged Group as original</b> <i>RMB'000</i> <i>Note 1</i>	<b>Pro forma adjustment</b> <i>RMB'000</i> <i>Note 2</i>	<b>The Enlarged Group as revised</b> <i>RMB'000</i>	<b>Pro forma adjustment</b> <i>RMB'000</i> <i>Note 3</i>	<b>The Enlarged Group as revised</b> <i>RMB'000</i>
<b>Capital and reserves</b>					
Share capital	4,912,016	–	4,912,016	–	4,912,016
Reserves	36,747,970	–	36,224,970	–	35,050,892
Gain on bargain purchase	–	(523,000)	–	(1,174,078)	–
Equity attributable to equity holders of the Company	41,659,986	(523,000)	41,136,986	(1,174,078)	39,962,908
Owners of perpetual capital on controlling interests	6,662,191	–	6,662,191	–	6,662,191
– Subordinated capital notes	3,102	–	3,102	–	3,102
– Other	10,892,797	(147,480)	10,745,317	(331,150)	10,414,167
<b>Total equity</b>	<u>59,218,076</u>	<u>(670,480)</u>	<u>58,547,596</u>	<u>(1,505,228)</u>	<u>57,042,368</u>
<b>Total liabilities and equity</b>	<u>170,833,958</u>	<u>(3,352,400)</u>	<u>167,481,558</u>	<u>–</u>	<u>167,481,558</u>

**APPENDIX I**

**SUPPLEMENTARY UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

**(ii) Supplementary Pro Forma Consolidated Statement of Profit or Loss of the  
Enlarged Group for the year ended 31 December 2016**

	The Enlarged Group as original RMB'000 Note 1	Pro forma adjustment RMB'000 Note 2	The Enlarged Group as revised RMB'000	Pro forma adjustment RMB'000 Note 3	The Enlarged Group as revised RMB'000
Total revenue	43,423,385	–	43,423,385	–	43,423,385
Total cost of sales	(32,037,843)	–	(32,037,843)	–	(32,037,843)
<b>Gross Profit</b>	11,385,542	–	11,385,542	–	11,385,542
Selling, general and administrative expenses	(8,533,684)	–	(8,533,684)	–	(8,533,684)
Share of profits of associate	720,628	–	720,628	–	720,628
Share of loss of joint ventures	(10,366)	–	(10,366)	–	(10,366)
Other income and gains	8,789,977	(670,480)	8,119,497	(1,505,228)	6,614,269
Finance cost	(2,723,986)	212,968	(2,511,018)	(67,048)	(2,578,066)
<b>Profit before tax</b>	9,628,111	(457,512)	9,170,599	(1,572,276)	(7,598,323)
Income tax expenses	(1,218,086)	–	(1,218,086)	–	(1,218,086)
<b>Profit for the year</b>	8,410,025	(457,512)	7,952,513	(1,572,276)	6,380,237
Attributable to:					
Equity holders of the Company	6,740,067	(356,885)	6,383,182	(1,226,375)	5,156,807
Owners of perpetual capital securities	424,307	–	424,307	–	424,307
Non-controlling interests					
– Perpetual capital securities	67,353	–	67,353	–	67,353
– Other	1,178,298	(100,627)	1,077,671	(345,901)	731,770
	8,410,025	(457,512)	7,952,513	(1,572,276)	6,380,237
<b>Other comprehensive income for the year</b>	310,950	–	310,950	–	310,950
<b>Total comprehensive income for the year</b>	8,720,975	(457,512)	8,263,463	(1,572,276)	6,691,187
Attributable to:					
Equity holders of the Company	6,908,775	(356,885)	6,551,890	(1,226,375)	5,325,515
Owners of perpetual capital securities	424,307	–	424,307	–	424,307
Non-controlling interests					
– Perpetual capital securities	67,353	–	67,353	–	67,353
– Other	1,320,540	(100,627)	1,219,913	(345,901)	874,012
	8,720,975	(457,512)	8,263,463	(1,572,276)	6,691,187

**APPENDIX I**
**SUPPLEMENTARY UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE ENLARGED GROUP**
**(iii) Supplementary Pro Forma Consolidated Statement of Cash Flows of the  
Enlarged Group for the year ended 31 December 2016**

	The Enlarged Group as original <i>RMB'000</i> <i>Note 1</i>	Pro forma Adjustment <i>RMB'000</i> <i>Note 2</i>	The Enlarged Group as revised <i>RMB'000</i>	Pro forma adjustment <i>RMB'000</i> <i>Note 3</i>	The Enlarged Group as revised <i>RMB'000</i>
<b>Operating activities</b>					
Profit before tax	9,628,111	(457,512)	9,170,599	(1,572,276)	7,598,323
Adjustments for:					
Interest expenses	2,721,587	(212,968)	2,508,619	67,048	2,575,667
Interest income	(831,363)	–	(831,363)	–	(831,363)
Dividend income	(124,127)	–	(124,127)	–	(124,127)
Net unrealised foreign exchange gain	(346,692)	–	(346,692)	–	(346,692)
Depreciation and amortisation	5,805,396	–	5,805,396	–	5,805,396
Release of prepaid lease payments	27,847	–	27,847	–	27,847
Gain on bargain purchase	(5,801,082)	670,480	(5,130,602)	1,505,228	(3,625,374)
Provision of impairment loss on accounts receivable and other receivables, net	1,109,053	–	1,109,053	–	1,109,053
Reversal of impairment loss on goodwill	668,210	–	668,210	–	668,210
Provision of impairment loss on inventories	9,394	–	9,394	–	9,394
Reversal of impairment loss on inventories	(17,360)	–	(17,360)	–	(17,360)
Share of loss of joint ventures	10,366	–	10,366	–	10,366
Share of profit of associates	(655,985)	–	(655,985)	–	(655,985)
Loss on disposal of property, plant and equipment	94,749	–	94,749	–	94,749
Loss on change of fair value of royalty receivable	30,872	–	30,872	–	30,872
Other	24,446	–	24,446	–	24,446
<b>Operating cash flows before movements in working capital</b>	12,353,422	–	12,353,422	–	12,353,422
Increase in bills and accounts receivable	(3,977,185)	–	(3,977,185)	–	(3,977,185)
Increase in inventories	(210,980)	–	(210,980)	–	(210,980)
Movement in provision for land subsidence, restoration, rehabilitation and environmental cost	118,836	–	118,836	–	118,836
Increase in prepaid lease payment	(4,756)	–	(4,756)	–	(4,756)

**APPENDIX I**
**SUPPLEMENTARY UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	<b>The Enlarged Group as original RMB'000 Note 1</b>	<b>Pro forma Adjustment RMB'000 Note 2</b>	<b>The Enlarged Group as revised RMB'000</b>	<b>Pro forma adjustment RMB'000 Note 3</b>	<b>The Enlarged Group as revised RMB'000</b>
Decrease in prepayments and other current assets	6,245,778	–	6,245,778	–	6,245,778
Decrease in long term receivables	8,355	–	8,355	–	8,355
Increase in bills and accounts payable	2,292,472	–	2,292,472	–	2,292,472
Increase in other payables and accrued expenses	1,814,184	–	1,814,184	–	1,814,184
Increase in amounts due to Parent Company and its subsidiaries	125,806	–	125,806	–	125,806
Decrease in long term payable and provision	(452,983)	–	(452,983)	–	(452,983)
<b>Cash generated from operations</b>	18,312,949	–	18,312,949	–	18,312,949
Income taxes paid	(1,949,335)	–	(1,949,335)	–	(1,949,335)
Interest paid	(3,071,181)	–	(3,071,181)	–	(3,071,181)
Interest received	832,323	–	832,323	–	832,323
Dividend received	65,650	–	65,650	–	65,650
<b>Net cash from operating activities</b>	14,190,406	–	14,190,406	–	14,190,406
<b>Investing activities</b>					
Decrease in term deposits	550,066	–	550,066	–	550,066
Increase in restricted cash	(737,089)	–	(737,089)	–	(737,089)
Purchase of property, plant and equipment	(1,886,518)	–	(1,886,518)	–	(1,886,518)
Purchase of construction in progress	(6,101,635)	–	(6,101,635)	–	(6,101,635)
Increase in long term receivables	(4,690,483)	–	(4,690,483)	–	(4,690,483)
Proceeds on disposal of property, plant and equipment	1,044,171	–	1,044,171	–	1,044,171
Investment in securities	(2,520,404)	–	(2,520,404)	–	(2,520,404)
Acquisition of Target	(14,641,920)	(3,352,400)	(17,994,320)	–	(17,994,320)
Decrease in deferred consideration	–	–	–	(737,528)	(737,528)
Investment in held to maturity investments	(200,000)	–	(200,000)	–	(200,000)
Proceeds from sale of investment in associate	4,686	–	4,686	–	4,686
Investment in an associate	(550,000)	–	(550,000)	–	(550,000)
Dividend received	58,477	–	58,477	–	58,477

**APPENDIX I**
**SUPPLEMENTARY UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	<b>The Enlarged Group as original RMB'000 Note 1</b>	<b>Pro forma Adjustment RMB'000 Note 2</b>	<b>The Enlarged Group as revised RMB'000</b>	<b>Pro forma adjustment RMB'000 Note 3</b>	<b>The Enlarged Group as revised RMB'000</b>
Dividend received from associates	167,346	–	167,346	–	167,346
Acquisition of 32.4% interest in HVO	(4,760,400)	–	(4,760,400)	–	(4,760,400)
Purchase of intangible assets	(241,925)	–	(241,925)	–	(241,925)
<b>Net cash used in investing activities</b>	<b>(34,505,628)</b>	<b>(3,352,400)</b>	<b>(37,858,028)</b>	<b>(737,528)</b>	<b>(38,595,556)</b>
<b>Financing activities</b>					
Dividends paid	(174,255)	–	(174,255)	–	(174,255)
Proceeds from bank borrowings	7,899,453	–	7,899,453	–	7,899,453
Repayment of bank borrowings	(16,738,788)	–	(16,738,788)	–	(16,738,788)
Return of capital	(1,917,765)	–	(1,917,765)	–	(1,917,765)
Proceeds from issuance of guaranteed notes	25,464,750	–	25,464,750	–	25,464,750
Repayment of guaranteed notes	(22,000,000)	–	(22,000,000)	–	(22,000,000)
Repayment of perpetual capital securities	(1,854,837)	–	(1,854,837)	–	(1,854,837)
Distribution paid to holders of perpetual capital securities	(491,152)	–	(491,152)	–	(491,152)
Dividend paid to non-controlling shareholders	(201,992)	–	(201,992)	–	(201,992)
Contribution from non-controlling interests	8,010,050	–	8,010,050	–	8,010,050
<b>Net cash from financing activities</b>	<b>(2,004,536)</b>	<b>–</b>	<b>(2,004,536)</b>	<b>–</b>	<b>(2,004,536)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(22,319,758)</b>	<b>(3,352,400)</b>	<b>(25,672,158)</b>	<b>(737,528)</b>	<b>(26,409,536)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>21,221,356</b>	<b>–</b>	<b>21,221,356</b>	<b>–</b>	<b>21,221,356</b>
Effect of foreign exchange rate changes	(56,411)	–	(56,411)	–	(56,411)
<b>Cash and cash equivalents at 31 December represented by bank balances and cash</b>	<b>(1,154,813)</b>	<b>(3,352,400)</b>	<b>(4,507,213)</b>	<b>(737,528)</b>	<b>(5,244,741)</b>

**B. NOTES TO THE SUPPLEMENTARY PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**

1. The balances are extracted from Scenario 2 in section A of Appendix X to the Original Circular to illustrate the effect of the Tag-Along Offer.
2. The adjustments are the differences arising from the change in the consideration of the Proposed Acquisition.

As set out in the Original Circular, the consideration for the Proposed Acquisition is USD2.45 billion where USD1.95 billion is payable upon Completion plus five deferred payments of USD100 million (the “**Deferred Consideration**”) each payable on the first, second, third, fourth and fifth anniversary of the Completion Date. The fair value of the Deferred Consideration estimated by the directors of the Company is USD0.4 billion.

For the purposes of the Original Unaudited Pro Forma Financial Information, finance cost of RMB212,698,000 was recognised at the effective interest rate of 7.93% on the Deferred Consideration and a gain on bargain purchase of RMB4,876,325,000 had been recognised.

As a result of changes in the term of the Proposed Acquisition, the Consideration has been changed to USD2.45 billion which will be payable as a single upfront payment at the Completion.

3. The adjustments are the further amending documentation with the Vendors amending the SPA and associated royalty arrangements (the “**Further Amendment Documentation**”) on 26 June 2017. According to Further Amendment Documentation, a new royalty arrangement deed (the “**Royalty Arrangement Deed**”) shall be executed and delivered at the date of completion. According to the Royalty Arrangement Deed, the cap amount of the aggregate amount of royalty payable by the C&A subsidiaries under all of the Royalty Deeds is reduced to USD410 million which has no effect on the pro forma financial information of the Enlarged Group as mentioned in the Original Unaudited Pro Forma Financial Information. Yancoal Australia will pay ACH USD240 million as the non-contingent royalty (“**Non-Contingent Royalty**”) in 5 years as follows:
  - a) in respect of the period from the date of the Royalty Arrangement Deed to 31 December 2017, royalties totaling USD110 million;
  - b) in respect of the period from 1 January 2018 to 31 December 2018, royalties totaling USD90 million;
  - c) in respect of the period from 1 January 2019 to 31 December 2019, royalties totaling USD20 million;

- d) in respect of the period from 1 January 2020 to 31 December 2020, USD10 million; and
- e) in respect of the period from 1 January 2021 to 31 December 2021, USD10 million.

The Non-Contingent Royalty payable is measured based on the Royalty Arrangement Deed. The Non-Contingent Royalty payable with the amount of RMB737,528,000 expected to be paid in the next 12 months is disclosed as current liabilities and the discounted expected future cash flows for royalty payable beyond 12 months of RMB767,700,000 (or USD114,500,000) in aggregate is disclosed as a non-current payable. As the Non-Contingent Royalty to be paid by the Group is unconditional payments, it forms part of the consideration of the Proposed Acquisition and will affect the gain on bargain purchase as mentioned in note 4 below.

For the purposes of the unaudited pro forma statement of profit or loss and other comprehensive income, finance cost of RMB67,048,000 was recognised at the effective interest rate of 10% on the royalty payable.

For the purposes of the unaudited pro forma statement of financial position, the Consideration is translated into RMB at the exchange rate RMB6.7048 to USD1.

4. The effect of the change in the terms of the Proposed Acquisition on the consideration and gain on bargain purchase are as follows:

### Consideration

The adjustments arising from the change in the Consideration is calculated as follows:

	Per Original Unaudited Pro Forma Financial Information <i>RMB'000</i>	Per Revised Unaudited Pro Forma Financial Information <i>RMB'000</i>	Adjustment <i>RMB'000</i> (Notes (a) & (c))
Cash consideration	13,074,360	16,426,760	3,352,400
Deferred consideration (included in long term payable and provision – due after one year)	<u>2,681,920</u>	<u>–</u>	<u>(2,681,920)</u>
Sub-total	15,756,280	16,426,760	670,480
Add:			
Deferred consideration regarding the Non-Contingent-Royalty	–	1,505,228	1,505,228
Bank balances and cash of the Target Group at 31 December 2016	<u>1,567,560</u>	<u>1,567,560</u>	<u>–</u>
Adjusted consideration	<u><u>17,323,840</u></u>	<u><u>19,499,548</u></u>	<u><u>2,175,708</u></u>

### Gain on bargain purchase

The revised gain on bargain purchase resulted from the Proposed Acquisition as if the Proposed Acquisition was completed on 31 December 2016 is calculated as follows:

**APPENDIX I**
**SUPPLEMENTARY UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE ENLARGED GROUP**

	<b>The Enlarged Group as original RMB'000</b>	<b>Pro forma adjustment RMB'000 Note (a)</b>	<b>The Enlarged Group as revised RMB'000</b>	<b>Pro forma adjustment RMB'000 Note (c)</b>	<b>The Enlarged Group as revised RMB'000</b>
Investment cost	17,323,840	670,480	17,994,320	1,505,228	19,499,548
Less:					
Nets assets of the Target at 31 December 2016 acquired	<u>23,238,165</u>	<u>–</u>	<u>23,238,165</u>	<u>–</u>	<u>23,238,165</u>
Gain on bargain purchase before deducting transaction costs	5,914,325	(670,480)	5,243,845	(1,505,228)	3,738,617
Less: Transaction costs	<u>1,038,000</u>	<u>–</u>	<u>1,038,000</u>	<u>–</u>	<u>1,038,000</u>
Gain on bargain purchase after deducting transaction costs	<u>4,876,325</u>	<u>(670,480)</u>	<u>4,205,845</u>	<u>(1,505,228)</u>	<u>2,700,617</u>
Attributable to:					
– Owners of the Company	3,800,000	(523,000)	3,277,000	(1,174,078)	2,102,922
– Non-controlling interests	<u>1,076,325</u>	<u>(147,480)</u>	<u>928,845</u>	<u>(331,150)</u>	<u>597,695</u>
	<u>4,876,325</u>	<u>(670,480)</u>	<u>4,205,845</u>	<u>(1,505,228)</u>	<u>2,700,617</u>

- (a) As the Deferred Consideration is replaced by the single payment, the adjustment for consideration payable of RMB2,681,920,000 and finance cost on deferred consideration with the amount of RMB212,968,000 as shown in the Original Circular are no longer necessary.

For the unaudited pro forma consolidated statement of financial position reduction in gain on bargain purchase with the amount of RMB670,480,000 will be attributable to the owners of the Company and non-controlling interest by RMB523,000,000 and RMB147,480,000 respectively.

- (b) The net impact to the unaudited pro forma consolidated profit or loss and other comprehensive income resulting from note (a) above is RMB457,512,000 which will be attributable to the owners of the Company and non-controlling interest by RMB356,885,000 and RMB100,627,000 respectively.

- (c) As the additional Non-Contingent Royalty is required, the investment cost is increased by RMB1,505,228,000 which will decrease the gain on bargain purchase.

For the unaudited pro forma consolidated statement of financial position reduction in gain on bargain purchase with the amount of RMB1,505,228,000 will be attributable to the owners of the Company and non-controlling interest by RMB1,174,078,000 and RMB331,150,000 respectively.

- (d) The net impact to the unaudited pro forma consolidated profit or loss and other comprehensive income resulting from note (c) above including finance cost of RMB67,048,000 is RMB1,572,276,000 which will be attributable to the owners of the Company and non-controlling interest by RMB1,226,375,000 and RMB345,901,000 respectively.

The adjustment has no continuing effect on unaudited pro forma consolidated statement of profit and loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows.

### C. SUBSEQUENT EVENT FOR THE SUPPLEMENTARY CIRCULAR

On 12 June 2017, Yancoal Australia entered into a separate transaction with Mitsubishi Development Pty Ltd.. Yancoal Australia was granted an irrevocable right (the “**Call Option**”) by Mitsubishi Development Pty Ltd. to purchase 28.898% of its equity interest in Warkworth Joint Venture with an exercise price of USD230 million of which Yancoal Australia has full discretion to exercise the Call Option. The Target holds 55.574% of the equity interest in Warkworth Joint Venture. The premium to be paid by Yancoal Australia amounted to USD10 million, which would be paid at the date of completion of the Tag-Along Offer.

No adjustment has been made to the Unaudited Pro Forma Financial Information in respect of such Call Option.

**1. RESPONSIBILITY STATEMENT**

This supplementary circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 supplementary 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 this supplementary circular misleading.

**2. MATERIAL ADVERSE CHANGE**

As at the Supplementary Circular Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited accounts of the Group were made up.

**3. CONSENT AND QUALIFICATIONS OF EXPERTS**

The following are the qualifications of the experts who have given opinion or advice which are contained in this supplementary circular:

<b>Name</b>	<b>Qualifications</b>
SHINEWING (HK) CPA Limited	Certified Public Accountants, Hong Kong

The expert referred to above has given and has not withdrawn its written consent to the issue of this supplementary circular with the inclusion of its report, letter, certificate, opinion and/or the references to its name in the form and context in which they are respectively included.

As at the Supplementary Circular Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Supplementary Circular Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which have been, since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**4. MATERIAL CONTRACTS**

As at the Supplementary Circular Latest Practicable Date, in addition to the ones set out in the Original Circular, the following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this supplementary circular which are or may be material:

- (i) the Amendment Deed; and
- (ii) the Further Amendment Documentation.

**5. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Baker & McKenzie at 14th Floor, Hutchison House, 10 Harcourt Road, Hong Kong during normal business hours on any weekday (except public holidays) from 11 August 2017 up to and including the date of the EGM:

- (i) the letter from the Board, the text of which is set out in the section headed “Letter from the Board” in this supplementary circular;
- (ii) the audited consolidated financial statements of the C&A Target Company Group, the text of which is set out in Appendix VIII to the Original Circular;
- (iii) the assurance report from SHINEWING (HK) CPA Limited relating to the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix X to the Original Circular;
- (iv) the Competent Person’s Report on Mineral Assets, the text of which is set out in Appendix XI to the Original Circular;
- (v) the Valuation Report on Mineral Assets, the text of which is set out in Appendix XII to the Original Circular;
- (vi) the material contracts referred to in the section headed “Material contracts” in Appendix XVI to the Original Circular and this appendix;
- (vii) the Revised Financial Assurance Letter as set out in the section headed “Letter from the Board” in this supplementary circular;
- (viii) the assurance report from SHINEWING (HK) CPA Limited relating to the supplementary unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix I to this supplementary circular;
- (ix) the written consents from the experts as set out in the section headed “Consent and Qualifications of Experts” in Appendix XVI to the Original Circular and this appendix;
- (x) the annual reports of the Company for each of the financial years ended 31 December 2016, 31 December 2015 and 31 December 2014;

- (xi) the Articles of Association;
- (xii) the Original Circular; and
- (xiii) this supplementary circular.