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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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 25% EQUITY INTERESTS IN YITAI
ZHUNDONG**

The Board is pleased to announce that, on 1 December 2017, Ordos Neng Hua, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Yitai Coal, pursuant to which Ordos Neng Hua agreed to acquire and Yitai Coal agreed to sell 25% equity interests held by Yitai Coal in Yitai Zhundong at a total consideration of RMB1,942,500,000.

As the highest applicable percentage ratio in respect of the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempt from the independent shareholders' approval requirement.

Shareholders and potential investors should be aware that the completion of the Transaction is conditional upon the satisfaction of multiple conditions precedent, and those conditions precedent may or may not be satisfied. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

I. Background

The Board is pleased to announce that, on 1 December 2017, Ordos Neng Hua, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Yitai Coal, pursuant to which Ordos Neng Hua agreed to acquire and Yitai Coal agreed to sell 25% equity interests held by Yitai Coal in Yitai Zhundong at a total consideration of RMB1,942,500,000.

II. Major Terms of Equity Transfer Agreement

Date

1 December 2017

Parties

(i) Ordos Neng Hua (as transferee)

(ii) Yitai Coal (as transferor)

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, Yitai Coal and its ultimate beneficial owners are all third parties independent of the Company and its connected persons, and are not in any way related to the Company and its connected persons.

Subject matter

In accordance with the Equity Transfer Agreement, Ordos Neng Hua agreed to acquire and Yitai Coal agreed to sell 25% equity interests held by Yitai Coal in Yitai Zhundong.

After completion of the Transaction, Ordos Neng Hua will become a shareholder holding 25% equity interests in Yitai Zhundong.

Consideration

In accordance with the Equity Transfer Agreement, the transaction consideration payable by Ordos Neng Hua is RMB1,942,500,000. With reference to the valuation of the total shareholders' equity in Yitai Zhundong as at the Valuation Base Date of RMB8,078,163,800 as shown in the Asset Valuation Report, the parties agreed after negotiation that the transaction base value of 100% equity interests in Yitai Zhundong is RMB7,770,000,000, and the consideration was determined after calculation according to the equity percentage of acquiring 25% equity interests.

Payment

The total consideration for the Transaction shall be paid by Ordos Neng Hua in two installments:

(1) First installment: Ordos Neng Hua shall pay RMB971,250,000 as the first installment of the equity transfer price (i.e. 50% of the consideration of the Target Equity Interests) to the bank account designated by Yitai Coal within 5 working days from the effective date of the Equity Transfer Agreement; and

(2) Second installment: Ordos Neng Hua shall pay RMB971,250,000 as the second installment of the equity transfer price (i.e. 50% of the consideration of the Target Equity Interests) to the bank account designated by Yitai Coal within 5 working days from the completion of the Transaction.

The Closing Date shall be the date on which the first installment of the equity transfer price as stipulated in the Equity Transfer Agreement being paid off. Yitai Coal shall change the registration of the Target Equity Interests to be under the name of Ordos Neng Hua within 15 working days after the Closing Date in the registration authority.

Effectiveness

The Equity Transfer Agreement shall come into effect after being signed and sealed by the legal representatives or authorized representatives of Ordos Neng Hua and Yitai Coal, and obtaining the necessary consent(s), approval(s) or exemption(s) as follows:

- (1) Ordos Neng Hua have obtained the record of the valuation result of the Target Equity Interests from the authorized state-owned assets regulatory authority(ies);
- (2) Other shareholders of Yitai Zhundong have given up their pre-emptive right to purchase with respect to the Transaction.

III. Reasons for and Benefits of the Transaction

Through the acquisition of the Target Equity Interests, the Company will achieve its cooperation with Yitai Coal and further strengthen and expand the Company's Shaanxi-Mongolia base. With the newly-built mines in Shaanxi-Mongolia base being put into operation in succession, the Company's production and sales of coal mines in Shaanxi-Mongolia base will be greatly increased. The cooperation with Yitai Coal not only can effectively solve the problem of coal outbound corridors in Shaanxi-Mongolia base, but will also further enhance the Company's initiative in local coal sales and railway transportation capacity and realize the synergic development of the Company in the local scale of assets.

Yitai Zhundong is the excellent asset of Yitai Coal and has good potential for development. In the next few years, the volume of transportation, operating efficiency and return on assets of Yitai Zhundong will be in a steady upward trend, the equity investment in Yitai Zhundong can achieve relatively good investment returns. Therefore, the Directors consider that the terms of the Equity Transfer Agreement are fair and reasonable and the Transaction is in the interests of the Company and the Shareholders as a whole.

IV. General Information

The Company's seventh session of the Board approved the Transaction on its eighth board meeting held on 1 December 2017.

Information on the parties

The Company

The principal business of the Company includes coal mining, coal washing and processing, coal sales and coal chemical engineering. The products of the Company mainly include thermal coal which is used in large power stations, coking coal which is used for

metallurgic production and high quality low-sulfur coal which is used for pulverized coal injection.

Ordos Neng Hua

Ordos Neng Hua is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company with a registered capital of RMB8.1 billion. The business scope of Ordos Neng Hua includes: sales of coal, coke and iron ore; investment in coal and chemical enterprises; sales of coal mine machinery equipment and accessories, mining materials, metal materials, electromechanical products and construction materials; the maintenance and repair and leasing of mining machinery equipment; coal mining (branch offices only).

Yitai Coal

Yitai Coal is a B+H listed company incorporated in the PRC with a registered capital of RMB3,254,007,000. The business scope of Yitai Coal includes: raw coal production, transportation, washing, coking, sales, mine materials, farm planting, solar power generation, coal importation, coal mining equipment and coal chemical equipment importation, electromechanical equipment installation, equipment leasing, etc. As at the date of this announcement, Yitai Coal has made a capital contribution of RMB1,496 million to Yitai Zhundong, holding 96.27% equity interests in Yitai Zhundong.

Yitai Zhundong

Yitai Zhundong is a limited liability company incorporated on 5 October 1998 and registered in Zhoujiawan Village, Xinglong Street Office of Zhungeer Qi, Ordos City, Inner Mongolia Autonomous Region, with a registered capital of RMB1,554 million and the legal representative named Ji Yanlin. The principal businesses of Yitai Zhundong include Zhundong railway construction, railway passenger and freight transportation, raw coal washing and sales, railway operation and management services and goods extension services, maintenance and repair of motor vehicles and lines, warehousing services, equipment leasing and sales of railway materials and waste materials.

Set out below are the audited financial data of Yitai Zhundong for the two financial years ended 31 December 2015 and 2016 and for the six months ended 30 June 2017:

	For the year ended 31 December 2015	For the year ended 31 December 2016	For the six months ended 30 June 2017
	<i>RMB (ten thousand)</i>	<i>RMB (ten thousand)</i>	<i>RMB (ten thousand)</i>
Net profits before tax	42,820.91	47,323.29	49,980.77
Net profits after tax	37,951.65	41,795.91	42,928.97

As at 31 December 2016, the audited net asset value of Yitai Zhundong is approximately RMB4,483,445,900. As at the Valuation Base Date, the valuation of the net assets (shareholders' equity interest) of Yitai Zhundong was RMB8,078,163,800.

V. Hong Kong Listing Rules Implications

As the highest applicable percentage ratio in respect of the Transaction exceeds 5% but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempt from the independent shareholders' approval requirement.

Shareholders and potential investors should be aware that the completion of the Transaction is conditional upon the satisfaction of multiple conditions precedent, and those conditions precedent may or may not be satisfied. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

VI. Definitions

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“A Share(s)”	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and fully paid in RMB and are listed on the Shanghai Stock Exchange
“Asset Valuation Report”	the asset valuation report of the total shareholders' equity value in Yitai Zhundong with respect to the Transaction prepared by Beijing Zhong Tian Hua Assets Valuation Co. Ltd.
“Board”	the board of Directors of the Company
“Closing Date”	the date on which the first installment of the equity transfer price as stipulated in the Equity Transfer Agreement being paid off
“Company”	Yanzhou Coal Mining Company Limited (兗州煤業股份有限公司), a joint stock limited company established under the laws of PRC in 1997, and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement in respect of the Transaction entered into between Ordos Neng Hua and Yitai Coal on 1 December 2017
“H Share(s)”	the 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”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ordos Neng Hua”	Yanzhou Coal Ordos Neng Hua Company Limited* (兗州煤業鄂爾多斯能化有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“percentage ratio(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holders of shares of the Company
“Target Equity Interests”	the 25% equity interests in Yitai Zhundong held and transferred by Yitai Coal to Ordos Neng Hua
“Transaction”	this transaction in respect of transfer of equity
“Valuation Base Date”	30 June 2017, being the date on which the valuation agency conducted the valuation on the net assets (shareholders’ equity interest) of Yitai Zhundong
“Yitai Coal”	Inner Mongolia Yitai Coal Co., Ltd.* (內蒙古伊泰煤炭股份有限公司), a B+H shares listed company incorporated in the PRC
“Yitai Zhundong”	Inner Mongolia Yitai Zhundong Railway Co., Ltd.* (內蒙古伊泰准東鐵路有限責任公司), a limited liability company incorporated on 5 October 1998 and registered in Zhoujiawan Village, Xinglong Street Office of Zhungeer Qi, Ordos City, Inner Mongolia Autonomous Region, with a registered capital of RMB1,554 million
“%”	per cent.

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

Zoucheng, Shandong Province, the PRC
1 December 2017

As at the date of this announcement, the directors of the Company are Mr. Li Xiyong, Mr. Li Wei, Mr. Wu Xiangqian, Mr. Wu Yuxiang, Mr. Guo Dechun, Mr. Zhao Qingchun and Mr. Guo Jun, and the independent non-executive directors of the Company are Mr. Kong Xiangguo, Mr. Cai Chang, Mr. Poon Chiu Kwok and Mr. Qi Anbang.

** For identification purposes only*