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)

DISCLOSEABLE TRANSACTION

SUBSCRIPTION OF PLACING SHARES IN CHINA ZHESHANG BANK CO., LTD.

The Board is pleased to announce that Yancoal International (a wholly-owned subsidiary of the Company) entered into the Placing Letter on 23 March 2018, pursuant to which Yancoal International agrees subscribe for 420 million Placing Shares in CZBANK. Upon completion of the Subscription, Yancoal International's shareholding in CZBank H Shares will increase to approximately 934 million shares, representing approximately 20.51% equity interest in the share capital of CZBank H Shares (after the Placing) and approximately 4.99% equity interest in total share capital of CZBank (after Placing).

As the highest relevant applicable percentage ratio (as defined under the Hong Kong Listing Rules) exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Hong Kong Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that Yancoal International (a wholly-owned subsidiary of the Company) entered into the Placing Letter on 23 March 2018, pursuant to which Yancoal International agrees to subscribe for 420 million Placing Shares in CZBank. Upon completion of the Subscription, Yancoal International's shareholding in CZBank H Shares will increase to approximately 934 million shares, representing approximately 20.51% equity interest in the share capital of CZBank H Shares (after the Placing) and approximately 4.99% equity interest in total share capital of CZBank (after the Placing).

II. PLACING LETTER

1. Date

23 March 2018

2. Parties

(i) Yancoal International, as subscriber; and

(ii) CMB International Securities Limited, an affiliate of CMBI which is acting as the placing agent for CZBank.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, CZBank, CMB International Securities Limited, CMBI and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company, and are not connected persons of the Company.

3. Placing Shares

Pursuant to the Placing Letter, Yancoal International agrees to subscribe for 420 million Placing Shares in CZBank.

4. Consideration

(i) Consideration

The consideration for the Placing Shares shall be HKD4.80 per share. The total consideration for the Subscription will be HKD2,016,000,000.

(ii) Payment Arrangement

The total consideration of the Subscription will be satisfied by the Company in cash using internal funds.

(iii) Pricing Principle

The price of the Placing Shares was determined after taking into consideration the following factors: (i) the net assets per share of CZBank as at 30 June 2017; (ii) current market condition; and (iii) recent trading prices of CZBank H Shares.

5. Closing

The closing date for the Placing will be 29 March 2018 or a later date agreed by relevant parties.

III. INFORMATION ABOUT CZ BANK

CZBank, incorporated in the PRC, is a joint-stock commercial bank with limited liability. It primarily engages in corporate banking, retail banking and the provision of bond-related services.

As at 31 December 2017, major shareholders with equity interest of more than 5% in CZBank are as follows:

Shareholders of CZBank	Number of shares held	Shareholding interest (%)
Zhejiang Financial Holding Co. Ltd* (浙江省金融控股有限公司)	2,655,443,774	14.79%

Zhejiang Provincial Energy Group Company Ltd. (浙江省能源集團有限公司)	1,486,885,752	8.28%
Traveller Automobile Group Co., Ltd*(旅行者汽車集團有限公司)	1,346,936,645	7.50%
Zhejiang Hengyi Group Co., Ltd. (浙江恒逸集團有限公司)	1,242,724,913	6.92%
Heng Dian Group Holding Co., Ltd*(横店集團控股有限公司)	1,242,724,913	6.92%
Zhejiang Harbour Investment Operation Group Co., Ltd*(浙江省海港投資運營集團有限公司)	1,000,000,000	5.57%
Guangsha Holding Co., Ltd*(廣廈控股集團有限公司)	954,655,630	5.32%

Set out below is the consolidated financial information of CZBank for the years ended 31 December 2015 and 2016:

	Year ended 31 December	
	2015 RMB'000	2016 RMB'000
Net profit before taxation	9,380,412	13,391,559
Net profit after taxation	7,050,690	10,153,148

As at 31 December 2016, the total assets of CZBank was RMB1,354.854 billion and the shareholders' equity was RMB67.475 billion.

For the period from January 2017 to June 2017, CZBank realized operating revenue of RMB17.949 billion and net profit of RMB5.613 billion. As at 30 June 2017, the total assets of CZBank was 1,452.29 billion and the shareholders' equity was RMB85.814 billion.

IV. INFORMATION ABOUT CMBI

CMB International Securities Limited is an affiliate of CMBI. CMBI is a company incorporated in Hong Kong with limited liability. CMBI is a corporation licensed under SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO.

V. INFORMATION ABOUT THE COMPANY

The Company is principally engaged in the business of mining, preparation, processing and sales of coal and coal chemicals. The Company's main products are steam coal for use in large-scale power plants, coking coal for metallurgical production and prime quality low sulphur coal for use inpulverized coal injection.

VI. INFORMATION ABOUT YANCOAL INTERNATIONAL

Yancoal International is the Company's wholly-owned subsidiary and an investment holding company.

VII. REASONS AND BENEFITS FOR THE SUBSCRIPTION

The Company utilizes internal funds to subscribe for the Placing Shares in CZBank, which helps enhancing the profitability of the Company, optimizing the industrial layout of the Company, improving the investment return of the Company and promoting diversification of the Company.

Therefore, the Directors consider that the Subscription is fair and reasonable and is in the interest of the Company and Shareholders as a whole.

VII. LISTING RULES IMPLICATIONS

As the highest relevant applicable percentage ratio (as defined under the Hong Kong Listing Rules) exceeds 5% but is less than 25%, the Subscription constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under the Hong Kong Listing Rules.

DEFINITION

“A Shares”	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
“Board”	the board of Directors of the Company;
“CMBI”	CMB International Capital Limited;
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules;
“Company”	兗州煤業股份有限公司, Yanzhou Coal Mining Company Limited, a joint stock limited company established under the laws of the PRC in 1997, and the H Shares, American depositary shares and A Shares of which are listed on the Hong Kong Stock Exchange, New York Stock Exchange and the Shanghai Stock Exchange, respectively;
“CZBank”	China Zheshang Bank Co., Ltd.;
“CZBank H Shares”	overseas listed foreign invested shares in the ordinary share capital of the CZBank with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“Director(s)”	the director(s) of the Company;
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong;

"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;
"Placing"	the placing of 759 million CZBank H Shares by CZBank on Hong Kong Stock Exchange, representing 4.23% of CZBank's total share capital (before the placing) and 4.05% of CZBank's total share capital (after the placing); also representing 20% of CZBank's outstanding total share capital of its H Shares (before the placing) and 16.67% of CZBank's outstanding total share capital of its H Shares (after the placing);
"Placing Letter"	the placing letter entered into between Yancoal International on 23 March 2017, pursuant to which the Company agrees to subscribe for 420 million Placing Shares;
"Placing Shares"	the CZBank H Shares to be issued by CZBank under the Placing;
"PRC"	the People's Republic of China;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
"Shareholders"	the shareholders of the Company;
"Subscription"	the subscription by Yancoal International for 420 million Placing Shares in CZBank pursuant to the Placing Letter;
"Yancoal International"	兗煤國際（控股）有限公司, Yancoal International (Holding) Company Limited , a company with limited liability incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company;
"%"	percentage.

** For identification purposes*

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

Zoucheng City, Shandong Province, the PRC
23 March 2018

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.