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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  
SUBSCRIPTION OF PLACING SHARES IN QILU BANK**

The Board is pleased to announce that the Company entered into the Share Subscription Agreement with Qilu Bank on 23 December 2014, pursuant to which the Company will subscribe for up to 246.21 million Placing Shares in Qilu Bank.

The Subscription is subject to the approval by the CBRC and the CSRC.

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.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of certain conditions stated under the section headed "Conditions Precedent" in this announcement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

**I. INTRODUCTION**

The Board is pleased to announce that the Company entered into the Share Subscription Agreement with Qilu Bank on 23 December 2014, pursuant to which the Company will subscribe for up to 246.21 million Placing Shares in Qilu Bank.

**II. SHARE SUBSCRIPTION AGREEMENT**

**1. Date**

23 December 2014

## **2. Parties**

- (i) the Company, as subscriber; and
- (ii) Qilu Bank, as issuer.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, Qilu Bank and its 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 Share Subscription Agreement, the Company will subscribe for up to 246.21 million Placing Shares in Qilu Bank. Upon completion of the Subscription, the Company will hold 8.67% equity interest (after the Placing) in Qilu Bank.

## **4. Consideration**

- (i) Consideration

The consideration for the Placing Shares shall be RMB3.18 per share. On the basis of the Company subscribing for up to 246.21 million Placing Shares, the total consideration for the Subscription will be up to RMB782,947,800.

### *Adjustment Mechanism*

Upon the occurrence of ex-rights and ex-dividends events by Qilu Bank from the date of the resolution of the board meeting relating to the Placing (i.e. 7 August 2014) to the date of Placing, including dividend distribution, issuance of bonus shares, share capital increase from reserves funds, issuance of new shares or rights issue, the consideration of the Placing Shares per share will be adjusted according to the following:

Where "P0" denotes the issue price before adjustment, "N" denotes the number of bonus shares per share or share capital increased from reserves funds, "K" denotes the number of new shares issued or rights issue per share, "A" denotes the price of each newly issued share or rights issue share, "D" denotes the dividend distributed per share, "P1" denotes the issue price after adjustment (rounded to 2 decimal places and the consideration of the Placing Shares per share after adjustment shall not be less than the nominal value of RMB1.00 per share).

Dividend distribution:  $P1 = P0 - D$

Issuance of bonus shares or share capital increase from reserves funds:  $P1 = P0 / (1 + N)$

Issuance of new shares or rights issue:  $P1 = (P0 + AK) / (1 + K)$

All of the above three events occurring at the same time:  $P1 = (P0 - D + AK) / (1 + K + N)$ .

- (ii) Payment Arrangement

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

### (iii) Pricing Principle

The consideration of the Placing Shares price was determined by Qilu Bank after taking a number of factors into consideration, such as: (i) its industry; (ii) the prospects of Qilu Bank, (iii) the net assets and price to equity ratio per share of Qilu Bank; and (iv) valuation of the shares of certain unlisted city commercial banks after capital increase.

## 5. Conditions Precedent

The Share Subscription Agreement shall become effective upon the satisfaction of the following conditions and the effective date of the Share Subscription Agreement shall be the date on which the last condition is satisfied:

- (i) the Placing having been approved by the CBRC;
- (ii) the Placing having been approved by the CSRC.

The initial tranche of Placing shall take place within three months upon the fulfilment of the above conditions precedent and the rest of the Placing Shares shall be issued within 12 months.

**Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions stated in this section. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

## 6. Lock-up Period

The Placing Shares subscribed by the Company under the Subscription shall not be transferred for a period of five years from the date of completion of the Placing.

## III. INFORMATION ABOUT QILU BANK

The business scope of Qilu Bank includes:

- (i) RMB business: deposit-taking, short-term lending, medium-term lending and long-term lending, domestic clearing, bill discounting, financial institution bond issuances, certificate treasury bond distribution, early repayment and underwriting, government bond transactions, inter-bank placements and acceptances, bank guarantees, payment and collection agency, insurance agency business, deposit boxes services, entrusted loans services.
- (ii) Foreign exchange business: deposit-taking and lending, remittance, currency exchange, international settlements, inter-bank placements and acceptances, bill discounting and acceptance, borrowing, bank guarantees, foreign currency settlement and clearance, credit status investigation and enquiry, authentication.

(iii) Other business approved by the authorities.

The top ten shareholders of Qilu Bank and their respective shareholdings immediately before the Placing are as follows:

Shareholders of Qilu Bank	Number of shares held	Shareholding interest (%)
Commonwealth Bank of Australia	473,750,000	20.00
Jinan State-owned Assets Operation Co. Ltd. (濟南市國有資產運營有限公司)	422,500,000	17.84
Jigang Group Co., Ltd. (濟鋼集團有限公司)	117,000,000	4.94
Jinan Economic Development and Investment Company (濟南市經濟開發投資公司)	115,313,957	4.87
Shandong Jianbang Investment Management Co., Ltd (山東建邦投資管理有限公司)	106,000,000	4.47
Rizhao Steel Holding Group Co., Ltd (日照鋼鐵控股集團有限公司)	100,000,000	4.22
Shandong Tri-cel Property Co., Ltd (山東三慶置業有限公司)	99,000,000	4.18
China National Heavy Duty Truck Group Co., Ltd (中國重型汽車集團有限公司)	70,500,000	2.98
ZhongrunFutai Investment Co., Ltd (中潤富泰投資有限公司)	45,000,000	1.90
HuashengJiangquan Group Co., Ltd (華盛江泉集團有限公司)	40,000,000	1.69

*Note: The English names are translation of their respective Chinese names and included herein for identification purpose only.*

Business condition and financial indicators of Qilu Bank:

Set out below is the consolidated financial information of Qilu Bank for the years ended 31 December 2012 and 2013:

	Year ended 31 December	
	2013 RMB	2012 RMB
Net profit before taxation	1,250,123,366	1,067,559,753
Net profit after taxation	1,011,123,510	860,278,553

In 2013, Qilu Bank realized operating revenue of RMB2.834 billion and net profit of RMB1.011 billion. As at 31 December 2013, the total assets of Qilu Bank was RMB94.004 billion and the shareholders' equity was RMB6.002 billion.

For the period from January 2014 to June 2014, Qilu Bank realised operating revenue of RMB1.764 billion and net profit of 0.672 billion. As at 30 June 2014, the total assets of Qilu Bank was RMB107.918 billion and the shareholders' equity was RMB6.655 billion.

#### **IV. 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 powerplants, coking coal for metallurgical production and prime quality low sulphur coal for use in pulverized coal injection.

#### **V. REASONS AND BENEFITS FOR THE SUBSCRIPTION**

The Company utilizes internal funds to subscribe for the Placing Shares in Qilu Bank, which helps enhancing the profitability 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.

#### **VI. RISKS RELATED TO THE SUBSCRIPTION**

1. The approvals from CBRC and CSRC in relation to the Placing have not been obtained. Accordingly, there is a risk that the Placing may not succeed which in turn affect whether the Company can successfully subscribe for the Placing Shares.
2. The development of the financial industry is, to a large extent, affected by the macroeconomic policies; factors such as uncertainty of the macroeconomic trend in the future, interest rates marketization, inflation and other factors may affect the development of the financial business of Qilu Bank which in turn affect the revenue of the Company.
3. The business of Qilu Bank is affected by the changes to relevant laws, regulations and policies of the CBRC and CSRC. Any changes to the current laws, regulations and policies may affect the operation of Qilu Bank, which affects the operational results of Qilu Bank.

#### **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**

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

“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;
“CBRC”	China Banking Regulatory Commission;
“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;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“H Shares”	overseas listed foreign invested shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“Hong Kong 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 approved at the fifth board meeting of the sixth session of the board of Qilu Bank and approved by the 2014 first extraordinary general meeting of Qilu Bank;
“Placing Shares”	the shares issued by Qilu Bank under the Placing;
“PRC”	the People’s Republic of China;
“Qilu Bank”	Qilu Bank Co., Ltd.;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	the shareholders of the Company;
“Share Subscription Agreement”	the share subscription agreement entered into between the Company and Qilu Bank on 23 December 2014, pursuant to which the Company will subscribe for up to 246.21 million Placing Shares in Qilu Bank;
“Subscription”	the subscription by the Company for up to 246.21 million Placing Shares in Qilu Bank pursuant to the Share Subscription Agreement;
“%”	percentage.

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 December 2014

*As at the date of this announcement, the directors of the Company are Mr. Li Xiyong, Mr. ZhangXinwen, Mr. Yin Mingde, Mr. Wu Yuxiang, Mr. Zhang Baocai, Mr. Wu Xiangqian and Mr. JiangQingquan, and the independent non-executive directors of the Company are Mr. Wang Lijie, Mr. JiaShaohua, Mr. Wang Xiaojun and Mr. XueYouzhi.*