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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)

**ISSUANCE OF US\$500,000,000 5.75% SENIOR PERPETUAL CAPITAL
SECURITIES BY YANCOAL INTERNATIONAL RESOURCES DEVELOPMENT
CO., LIMITED TO BE GUARANTEED BY THE
COMPANY**

Joint Global Coordinators and Joint Structuring Advisors



Joint Lead Managers and Joint Bookrunners



The Board is pleased to announce that on 6 April 2017 (London time), the Company and Yancoal Resources entered into the Subscription Agreement with Deutsche Bank, CMB International and China Silk Road in connection with the issue by Yancoal Resources of the Securities in an aggregate principal amount of US\$500,000,000.

The aggregate gross proceeds from the issuance of the Securities are US\$500,000,000. The net proceeds, being the gross proceeds net of the management, underwriting and selling commission payable to the Managers and offering expenses payable by the Issuer and the Company, will be used to repay indebtedness or on-lent to the Company's subsidiaries for capital expenditure, working capital, as well as for general corporate purposes.

The Issuer will seek a listing of the Securities on the Stock Exchange. A confirmation of the eligibility of the listing of the Securities has been received from the Stock Exchange. Admission of the Securities to the Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Company or the Securities.

The completion of the Subscription Agreement is subject to certain conditions precedent which may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

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THE SUBSCRIPTION ANNOUNCEMENT

Date

6 April 2017 (London time)

Parties to the Subscription Agreement

- (a) Yancoal Resources as the Issuer of the Securities;
- (b) the Company as the guarantor of Yancoal Resources's obligation under the Securities and the Deed of Guarantee; and
- (c) Deutsche Bank, CMB International and China Silk Road as the Managers of the offering of the Securities.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Managers is an independent third party and not a connected person of the Company.

The Securities have not been and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States

and may only be offered, sold or delivered outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act. Accordingly, the Securities are being offered and sold only outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S under the Securities Act.

Conditions Precedent

The obligations of the Managers to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Securities are conditional on, customary conditions precedent.

Principal terms of the Securities

Securities Offered

Subject to certain conditions to completion, the Company will issue the Securities in the aggregate principal amount of US\$500,000,000.

Issue Price

The issue price of the Securities will be 100 per cent. of the principal amount of the Securities.

Status of the Securities and Guarantee

The Securities constitute direct, unsecured and unsubordinated obligations of the Issuer which rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Securities shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all the Issuer's other present and future unsecured, unconditional and unsubordinated obligations.

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Securities. The obligations of the Guarantor in that respect are contained in the Deed of Guarantee. The obligations of the Guarantor under such guarantee constitute direct, unsecured and unsubordinated obligations of the Guarantor which rank *pari passu* and without any preference among themselves and shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all the Guarantor's other present and future unsecured, unconditional and unsubordinated obligations.

Distributions

Subject to the terms and conditions of the Securities, the Securities confer a right to receive distributions at the applicable rate described below for the period from, and including, 13 April 2017 (the "**Issue Date**") payable semi-annually in arrear on 13 April and 13 October of each year (each, a "**Distribution Payment Date**") commencing on 13 October 2017.

Distribution rate

The rate of distribution applicable to the Securities shall be:

- (i) 5.75 per cent. per annum in respect of the period from, and including, the Issue Date to, but excluding, 13 April 2020 (the "**First Reset Date**"); and

- (ii) in respect of the period from, and including, each Reset Date falling on and after the First Reset Date, to, but excluding, the immediately following Reset Date, the Relevant Reset Distribution Rate (as defined in the terms and conditions of the Securities);

provided that, in each case, in the event of the occurrence of a Change of Control Triggering Event, a Breach of Covenants Event, a SAFE Non-Registration Event or a Relevant Indebtedness Default Event, (as defined in the terms and conditions of the Securities), if Yancoal Resources does not elect to redeem the Securities within 30 days of the relevant event, then the then prevailing distribution rate applicable to the Securities shall be increased by 4.00% per annum with effect from the next Distribution Payment Date (or, if the relevant event occurs on or after the date which is two (2) business days prior to the next Distribution Payment Date, the next following Distribution Payment Date).

Redemption

The Securities are perpetual securities and have no maturity date. The Securities may be redeemed in whole, but not in part, at the option of the Issuer on giving irrevocable prior notice to the Securities holders in accordance with the terms and conditions of the Securities at the relevant redemption amount provided in the terms and conditions of the Securities.

Redemption in the case of SAFE non-registration event

If the conditions and documents, including the registration of the Deed of Guarantee with SAFE, as set out in the terms and conditions of the Securities has not been satisfied or provided on or prior to the deadline for such registration pursuant to the relevant laws and regulations in the PRC and in accordance with the terms and conditions of the Securities, the Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not more than 60 not less than 30 days' irrevocable notice to the trustee, the agents and the holders of the Securities at the principal amount of the Securities together with all distribution accrued to the redemption date.

Purchase

The Company, the Issuer and/or any of its subsidiaries may, following the First Reset Date, at any time purchase Securities in the open market or otherwise and at any price, in each case subject to applicable law.

Expected closing date

13 April 2017

Use of proceeds

The aggregate gross proceeds from the issuance of the Securities are US\$500,000,000. The net proceeds, being the gross proceeds net of the, underwriting commissions payable to the Managers and estimated offering expenses payable by the Issuer and the Company, will be used to repay indebtedness or on-lent to the Company's subsidiaries for capital expenditure, working capital, as well as for general corporate purposes.

Listing

The Issuer will seek a listing of the Securities on the Stock Exchange. A confirmation of the eligibility of the listing of the Securities has been received from the Stock Exchange. Admission of the Securities to the Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Company or the Securities.

The completion of the Subscription Agreement is subject to certain conditions precedent which may or may not be satisfied and the Subscription Agreement may be terminated upon the occurrence of certain events. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITION

“Board”	the board of Directors of the Company;
“China Silk Road”	China Silk Road International Capital Limited;
“CMB International”	CMB International Capital Limited;
“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 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;
“Deed of Guarantee”	the deed to be entered into by the Company, pursuant to which, inter alia, the Company will provide guarantee in connection with the issue of the Securities;
“Deutsche Bank”	Deutsche Bank AG, Singapore Branch;
“Director(s)”	the director(s) of the Company;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Issuer” or “Yancoal Resources”	Yancoal International Resources Development Co., Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;

“Managers”	Deutsche Bank , CMB International and China Silk Road;
“PRC”	the People’s Republic of China, excluding the Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan for the purposes of this announcement;
“SAFE”	The State Administration of Foreign Exchange of the PRC or its applicable local branches;
“Securities”	US\$ denominated senior perpetual capital securities to be issued by Yancoal Resources and guaranteed by the Company;
“Securities Act”	The United States Securities Act of 1933, as amended from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Agreement”	the subscription agreement dated 6 April 2017 (London time) entered into among the Company, the Issuer, and the Managers in relation to the issue of the Securities;
“United States”	the United States of America;
“US\$”	the lawful currency of the United States;
“%”	Percentage.

Unless otherwise stated, all times and dates refer to Hong Kong times and dates.

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

Zoucheng, Shandong Province, the PRC

7 April 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. Zhao Qingchun, Mr. Guo Dechun and Mr. Guo Jun, and the independent non-executive directors of the Company are Mr. Kong Xiangguo, Mr. Jia Shaohua, Mr. Wang Xiaojun and Mr. Qi Anbang.