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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)

ANNOUNCEMENT

- (1) DISCLOSEABLE TRANSACTION - DEEMED DISPOSAL OF YANCOAL AUSTRALIA**
- (2) OVERSEAS REGULATORY ANNOUNCEMENT - ISSUE OF OFFER DOCUMENT**

DISCLOSEABLE TRANSACTION - DEEMED DISPOSAL OF YANCOAL AUSTRALIA

On 1 August 2017, the Company signed the Subscription Commitment Letter and entered into the SCN Conversion Letter with Yancoal Australia, pursuant to which (1) Yancoal Australia agrees to allot and issue, and the Company agrees to subscribe for 10 billion shares of Yancoal Australia at the price of US\$0.1 per share as part of the YAL Rights Issue; (2) the Company agrees to convert all of its SCN to the maximum extent those SCNs are able to be converted so that the Company's voting power in Yancoal Australia will not exceed 78% as a result of conversion of

the SCNs; and (3) if and to the extent that any of the Company's SCNs are not able to be converted due to an underwriter of the YAL Rights Issue or an investor in an associated placement terminating or not performing its obligation to subscribe for new YAL Shares, waives any right it may have to convert those SCNs into ordinary shares of Yancoal Australia pursuant to the terms of issue of the SCNs.

HONG KONG LISTING RULES IMPLICATIONS

As the highest percentage ratio calculated in accordance with the Hong Kong Listing Rules for the Deemed Disposal exceeds 5% but is less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

ISSUE OF OFFER DOCUMENT

Yancoal Australia lodged the Offer Document for the YAL Rights Issue on ASX. Please refer to the ASX website (<http://www.asx.com.au/asx/statistics>) for the full Offer Document.

References are made to the announcement dated 24 January 2017, the announcement dated 24 May 2017, the announcement dated 11 June 2017, the announcement dated 12 June 2017, the announcement dated 20 June 2017, the announcement dated 27 June 2017, the announcement dated 27 July 2017 (collectively, the “**Announcements**”) and the circular dated 2 June 2017 supplemented by the supplementary circular dated 30 June 2017 (the “**Circular**”) of Yanzhou Coal Mining Company Limited (the “**Company**”) in relation to, among others, the acquisition of the total issued share capital of C&A from Rio Tinto Group by Yancoal Australia Limited (“**Yancoal Australia**”). Unless otherwise indicated, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements and the Circular.

DISCLOSEABLE TRANSACTION - DEEMED DISPOSAL OF YANCOAL AUSTRALIA

Introduction

References are also made to the announcements dated 9 November 2014, 12 November 2014, 22 December 2014, 23 December 2014, 30 December 2014 and 31 December 2014 and the circular dated 27 November 2014 of the Company in relation to the SCN (as defined below). As at the date of this announcement, the Company holds a total amount of US\$1,800,003,100 of SCN.

As stated in the Circular, Yancoal Australia intends to fund the Acquisition by way of YAL Rights Issue and the Company intends to subscribe for around US\$1 billion of its entitlement in the YAL Rights Issue. Since the Company's intention is to maintain at least 51% shareholding in Yancoal Australia, the Company intends to also convert certain amount of convertible hybrid bonds issued by Yancoal Australia on 31 December 2014 (the “**SCN**”) that it holds, to the maximum extent those SCNs are able to be converted so that the Company's voting power in Yancoal Australia will not exceed 78%, at the time of its subscription of the YAL Rights Issue.

Yancoal Australia launched the YAL Rights Issue on 1 August 2017 raising up to approximately US\$2.496 billion. Pursuant to the SCN Conversion Letter as set out in details below, Yancoal

Australia has confirmed to the Company that it will ensure that the YAL Rights Issue is structured so that following settlement of the Subscription and settlement of the rest of the YAL Rights Issue and any conversion of the Company's SCNs, the Company holds at least 51% of the ordinary shares in Yancoal Australia. As a result, the Company was informed by Yancoal Australia that in the event that the issue of YAL Shares under the YAL Rights Issue is likely to reduce the Company's shareholding in Yancoal Australia below 51%, Yancoal Australia will, to the extent necessary, issue fewer YAL Shares to the underwriters such that the Company's shareholding in Yancoal Australia will remain at no less than 51%.

On 1 August 2017, the Company signed the Subscription Commitment Letter and entered into the SCN Conversion Letter with Yancoal Australia, pursuant to which (1) Yancoal Australia agrees to allot and issue, and the Company agrees to subscribe for 10 billion shares of Yancoal Australia at the price of US\$0.1 per share as part of the YAL Rights Issue; (2) the Company agrees to convert all of its SCN to the maximum extent those SCNs are able to be converted so that the Company's voting power in Yancoal Australia will not exceed 78% as a result of conversion of the SCNs; and (3) if and to the extent that any of the Company's SCNs are not able to be converted due to an underwriter of the YAL Rights Issue or an investor in an associated placement terminating or not performing its obligation to subscribe for new YAL Shares, waives any right it may have to convert those SCNs into ordinary shares of Yancoal Australia pursuant to the terms of issue of the SCNs.

The Subscription Commitment Letter and The SCN Conversion Letter

Date: 1 August 2017 (after trading hours)

Signatory of the Subscription Commitment Letter:

The Company

Parties to the SCN Conversion Letter:

- (1) The Company
- (2) Yancoal Australia

Subject matters

Pursuant to the Subscription Commitment Letter and the SCN Conversion Letter, (1) Yancoal Australia agrees to allot and issue, and the Company agrees to subscribe for 10 billion shares of Yancoal Australia at the price of US\$0.1 per share as part of the YAL Rights Issue; (2) the Company agrees to convert all of its SCN to the maximum extent those SCNs are able to be converted so that the Company's voting power in Yancoal Australia will not exceed 78% as a result of conversion of the SCNs; and (3) if and to the extent that any of the Company's SCNs are not able to be converted due to an underwriter of the YAL Rights Issue or an investor in an associated placement terminating or not performing its obligation to subscribe for new YAL Shares, waives any right it may have to convert those SCNs into ordinary shares of Yancoal Australia pursuant to the terms of issue of the SCNs.

Subscription price

The subscription price under the YAL Rights Issue (including the Subscription) is US\$0.1 per YAL Share, which has been determined by a committee of independent directors of Yancoal Australia having regard to advice provided by Yancoal Australia's financial advisers for the YAL Rights Issue. The subscription price represents a 67.9% discount to the last closing price per share on 31 July 2017 of YAL Shares on ASX of A\$0.39 (based on a USD/AUD exchange rate of 0.80).

Conditions precedent

The Subscription is conditional upon, among other things,

1. Yancoal Australia determining to proceed with the YAL Rights Issue of at least US\$2.1 billion;
2. the Shareholders approving the Acquisition;
3. each of the conditions precedent to completion of the Acquisition being satisfied or waived in accordance with the SPA; and
4. the YAL Rights Issue proceeding to completion and not being terminated or withdrawn.

In addition to the above conditions precedent to the Subscription, the SCN Conversion is also conditional upon, among other things, the Subscription proceeding to completion and is not terminated or withdrawn.

Completion

Pursuant to the SCN Conversion Letter, Yancoal Australia confirms that:

1. if the Shareholders have approved the Acquisition and each of the conditions precedent to completion of the Acquisition have been satisfied or waived in accordance with the SPA, it will not terminate the SPA and will proceed to complete the Acquisition under the SPA as expeditiously as possible;
2. settlement of the Subscription will occur simultaneously with settlement of the rest of the YAL Rights Issue and settlement of any conversion of the Company's SCNs; and
3. it will ensure that the YAL Rights Issue is structured so that following settlement of the Subscription and settlement of the rest of the YAL Rights Issue and any conversion of the Company's SCNs, the Company holds at least 51% of the ordinary shares in Yancoal Australia.

INFORMATION RELATING TO YANCOAL AUSTRALIA

Yancoal Australia is a subsidiary of the Company, through which the Company conducts its coal business in Australia. As at the date of this announcement, Yancoal Australia operates four sites, has a near 50% share of the Middlemount joint venture and manages five operations across Australia.

Shareholding structure of Yancoal Australia

In addition to the Subscription Commitment Letter, Yancoal Australia has entered into binding placement commitment letters and underwriting commitment letters with other investors in relation to the YAL Rights Issue in an aggregate amount of approximately US\$1.45 billion (comprising a total placement amount of approximately US\$150 million and total underwritten amount of approximately US\$1.3 billion). Accordingly, the total committed amount for the YAL Rights Issue (including the Company's Subscription) is approximately US\$2.45 billion. The remaining approximately US\$50 million of the YAL Rights Issue is not subject to any binding subscription or underwriting commitment.

If an underwriter were to terminate its underwriting commitment or an underwriter or placement investor were to fail to honour its commitment or, where applicable, the conditions to its commitment (including regulatory conditions) are not satisfied or waived, or if Yancoal Australia is unable to secure subscription commitments for the remaining approximately US\$50 million which is not subject to any binding subscription or underwriting commitment, the YAL Rights Issue may not raise the full US\$2.496 billion. For example, the largest underwriting commitment for the YAL Rights Issue is approximately US\$750 million. If that underwriting commitment were to terminate, and Yancoal Australia was unable to secure any additional subscriptions for ordinary shares under the YAL Rights Issue (in addition to those currently in place), the YAL Rights Issue would only raise US\$1.7 billion.

If the YAL Rights Issue raises approximately US\$2.496 billion, the Company will be permitted to convert all of its SCNs. Upon the issue of approximately 25 billion YAL Shares by Yancoal Australia under the YAL Rights Issue (including the Subscription) and approximately 18 billion YAL Shares under the SCN Conversion, a total of approximately 43 billion YAL Shares will be issued, representing approximately 4,425% of the existing total issued share capital of Yancoal Australia and approximately 97.74% of the total issued share capital of Yancoal Australia as enlarged by the issue of such shares.

If the YAL Rights Issue were to raise only US\$1.7 billion, the Company will be permitted to convert only US\$345,017,010.2 of its SCNs. Upon the issue of 17 billion YAL Shares by Yancoal Australia under the YAL Rights Issue (including the Subscription) and approximately 3.45 billion YAL Shares under the SCN Conversion, a total of approximately 20.45 billion YAL Shares will be issued, representing approximately 2,057% of the existing total issued share capital of Yancoal Australia and approximately 95.36% of the total issued share capital of Yancoal Australia as enlarged by the issue of such shares.

The following table sets out the shareholding structure of Yancoal Australia (i) as at the date of this announcement; and (ii) immediately upon the issue of YAL Shares by Yancoal Australia under the YAL Rights Issue (including the Subscription) and the SCN Conversion assuming the YAL Rights Issue raises approximately US\$2.496 billion and (iii) immediately upon the issue of YAL Shares by Yancoal Australia under the YAL Rights Issue (including the Subscription) and the SCN Conversion assuming the YAL Rights Issue raises US\$1.7 billion:

Shareholders of Yancoal Australia	As at the date of this announcement		Immediately upon the issue of YAL Shares by Yancoal Australia under the YAL Rights Issue (including the Subscription) and the SCN Conversion assuming the YAL Rights Issue raises approximately US\$2.496 billion		Immediately upon the issue of YAL Shares by Yancoal Australia under the YAL Rights Issue (including the Subscription) and the SCN Conversion assuming the YAL Rights Issue raises US\$1.7 billion	
	Number of YAL Shares	Approximate %	Number of YAL Shares	Approximate %	Number of YAL Shares	Approximate %
The Company	775,488,994	78.0	28,775,519,994	65.5	14,225,659,096	66.3
Other Yancoal Australia Shareholders	218,787,665	22.0	15,183,716,817	34.5	7,218,787,665	33.7
Total	994,276,659	100.0	43,959,236,811	100.0	21,444,446,761	100.0

Financials of Yancoal Australia

Set out below is the audited consolidated financial information of Yancoal Australia Group prepared in accordance with the Australian Accounting Standards for the years ended 31 December 2015 and 2016:

	For the years ended 31 December	
	2015 (AUD'million)	2016 (AUD'million)
Net profit (loss) before taxation and extraordinary items	(353.8)	(311.8)
Net profit (loss) after taxation and extraordinary items	(291.2)	(227.1)

The book value of the net assets of Yancoal Australia as at 31 December 2016 prepared based on the Australian Accounting Standards was AUD1,351.8 million.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE SCN CONVERSION

The YAL Rights Issue is being implemented by Yancoal Australia for the purpose of funding the Acquisition. Yancoal Australia has determined that funding the Acquisition through the YAL Rights Issue is the optimal method of funding the Acquisition and will assist in establishing a sustainable capital structure for Yancoal Australia.

The Company's implementation of the Subscription is to support the development of Yancoal Australia and to maintain its majority shareholding in Yancoal Australia. The reason for the SCN Conversion is to simplify Yancoal Australia's capital structure and balance the dilution effect caused by the Company's non-pro rata subscription of the YAL Rights Issue.

The Directors consider that the Subscription and the SCN Conversion are on normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DEEMED DISPOSAL

Upon the Deemed Disposal, the Company's interest in Yancoal Australia will be diluted approximately from 78% to as low as 65.5% (if the YAL Rights Issue were to raise the full US\$2.496 billion). Yancoal Australia will continue to be accounted for as a subsidiary of the Company and its accounts will continue to be consolidated into the accounts of the Group.

There will be no impact on the total assets and total liabilities of the Group. It is expected that the Group will not record any gain or loss from the Deemed Disposal as the Deemed Disposal will be recorded as an equity transaction in accordance with the accounting policy of the Group.

The exact financial effect of the Deemed Disposal are subject to the review by the Company's auditors.

INFORMATION ON THE GROUP

The Company is one of the main coal producers and sellers in China and Australia. Currently the Company's business operated under four major segments, namely coal business, coal chemical business, equipment manufacturing and power generation and heat business. As one of the main coal producers and coal sellers in China and Australia, the coal business primarily includes coal mining, coal washing and process and coal sales. The products mainly include thermal coal, semi-hard coking coal, semi-soft coking coal and PCI coal, which are applicable to electric power, metallurgy and the chemical industry.

HONG KONG LISTING RULES IMPLICATIONS

As the highest percentage ratio calculated in accordance with the Hong Kong Listing Rules for the Deemed Disposal exceeds 5% but is less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Hong Kong Listing Rules.

Further announcement(s) will be made by the Company as and when required in accordance with the Hong Kong Listing Rules.

ISSUE OF OFFER DOCUMENT

Yancoal Australia lodged the entitlement offer booklet for the YAL Rights Issue on ASX on 1 August 2017 (the "**Offer Document**"). Please refer to the ASX website (<http://www.asx.com.au/asx/statistics>) for the full Offer Document.

DEFINITIONS

Unless otherwise indicated, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements and the Circular. In addition, unless the context requires otherwise, the following expressions have the following meanings in this announcement:

“Deemed Disposal”	the deemed disposal of Yancoal Australia as a result of the Subscription and the SCN Conversion (if any)
“SCN Conversion”	the conversion of the SCN by the Company pursuant to the SCN Conversion Letter
“SCN Conversion Letter”	the letter entered into between the Company and Yancoal Australia on 1 August 2017 in relation to the Company's conversion of the SCN
“Subscription Commitment Letter”	the subscription commitment letter signed by the Company on 1 August 2017
“Subscription”	the subscription of 10 billion YAL Shares by the Company under the YAL Rights Issue
“YAL Share(s)”	ordinary shares of Yancoal Australia

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

Zoucheng, Shandong Province, the PRC
1 August 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. Jia Shaohua, Mr. Poon Chiu Kwok and Mr. Qi Anbang.