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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  
ARBITRATION INVOLVING YANZHOU COAL MINING  
COMPANY LIMITED**

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance and Rules 13.09(2)(a) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**1. Basic information of the arbitration**

On 2 April 2018, Yanzhou Coal Mining Company Limited (“**Yanzhou Coal**” or the “**Company**”) received a notice of arbitration acceptance from China International Economic and Trade Arbitration Commission (“**CIETAC**”), pursuant to which Inner Mongolia New Changjiang Mining & Investment Co., Ltd. (“**New Changjiang**”) submitted an arbitration application to CIETAC for the violation of the relevant equity transfer agreements by Yanzhou Coal and requested Yanzhou Coal to pay a total of approximately RMB1.435 billion, comprising the consideration for the equity transfer of RMB748.5 million, the corresponding compensation for breach of agreement of RMB656 million, and the legal fees, arbitration fees and preservation fees involved in this case.

On 17 December 2014, Yanzhou Coal signed the Cooperation Agreement for the Transfer of Coal Resources in Inner Mongolia Shilawusu Minefield, the Capital Increase and Share Capital Enlargement Agreement of Inner Mongolia Haosheng Coal Mining Company Limited, and the Equity Transfer Agreement of Inner Mongolia Haosheng Coal Mining Company Limited (the “**Equity Transfer Agreement**”) with New Changjiang, and signed the Supplemental Agreement of the Equity Transfer Agreement of Inner Mongolia Haosheng Coal Mining Company Limited (the “**Supplemental Agreement**”) (together with the abovementioned agreements, the “**Relevant Agreements**”) on 17 March 2016. Pursuant to the Relevant Agreements, New Changjiang contributed to the capital of Inner Mongolia

Haosheng Coal Mining Company Limited (“**Haosheng Coal**”), a subsidiary of Yanzhou Coal, in cash. Upon completion of the capital increase, New Changjiang would transfer 11.59% equity interest in Haosheng Coal and the corresponding 150 million tons of target coal resources (as agreed) to Yanzhou Coal, and Yanzhou Coal would pay the total consideration of RMB885.92 million to New Changjiang (consideration for the equity transfer = New Changjiang’s capital contribution to Haosheng Coal of RMB137.4 million + compensation for coal resources corresponding to the transfer of equity interest of 150 million tons\*RMB4.99 per ton). On 10 December 2015, the parties completed the registration of the capital increase, share capital enlargement and the equity transfer, and Yanzhou Coal paid RMB137.4 million for the increased capital of 11.59% equity interest in Haosheng Coal as contributed by New Changjiang pursuant to the Relevant Agreements.

## **2. Claims and reasons of the arbitration**

1. According to its arbitration application, New Changjiang claims that 11.59% equity interest in Haosheng Coal and the agreed corresponding target coal resources have been transferred to Yanzhou Coal, and all conditions as agreed in the Relevant Agreements have been fulfilled, Yanzhou Coal shall pay the consideration for the equity transfer in full.

2. Pursuant to the Equity Transfer Agreement and the Supplemental Agreement entered into by both parties, Yanzhou Coal would pay the compensation for coal resources of RMB748.5 million due to the transfer of equity interest by New Changjiang to Yanzhou Coal in three phases. The payment for the first phase of RMB224.55 million would be paid upon fulfilment of the following conditions or within ten days after such conditions are waived by Yanzhou Coal: (1) that the Relevant Agreements come into effect; (2) that the transactions contemplated under the Relevant Agreements be approved by the People’s Government of Inner Mongolia Autonomous Region; (3) that, within seven working days upon the approval of the People’s Government of Inner Mongolia Autonomous Region, Yanzhou Coal cooperate with New Changjiang and Haosheng Coal to complete the registration in respect of the relevant industrial and commercial changes (including equity transfer), and the registration in respect of the industrial and commercial change for the equity transfer shall be completed together with the registration in respect of the industrial and commercial change for the capital increase and share capital enlargement; and (4) that New Changjiang obtain the review opinion (the “**Review Opinion**”) from the Ordos City People’s Government or its authorized functional departments confirming that the targeted 150 million tons coal resources would not be reduced or returned for any reason.

The Company believes that New Changjiang has not yet obtained the Review Opinion, and therefore the condition of “confirmed that the target coal resources of 150 million tons would not be reduced or retrieved for any reason” as stated in the Equity Transfer Agreement and the Supplemental Agreement has not been fulfilled. As a result, the payment has not been made and the Company has not been in breach.

## **3. Status of the result of the arbitration**

The arbitration is currently in the process of arbitration proceedings, and no arbitration result has been determined.

#### **4. Impact of the arbitration on the current profit and future profit of the Company**

As the arbitration is currently in the process of arbitration proceedings, the Company is currently unable to assess the impact of the arbitration on the Company's current profit or future profit.

The Company will comply with its disclosure obligations in a timely manner with respect to the progress of the aforementioned arbitration.

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

Zoucheng, Shandong Province, the PRC  
9 April 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.*