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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)

CONTINUING CONNECTED TRANSACTIONS

On 27 November 2017, the Company entered into the Proposed Continuing Connected Transaction Agreements with Yankuang Group and Century Ruifeng (as the case may be) relating to the renewal of certain Existing Continuing Connected Transaction Agreements and the entering into of several new continuing connected transaction agreements (as the case may be). Some of the Proposed Continuing Connected Transaction Agreements are subject to the Independent Shareholders' approval at the EGM.

Yankuang Group is a controlling shareholder of the Company directly and indirectly holding approximately 56.59% of the issued share capital of the Company as at the date of this announcement and thus a connected person of the Company under the Hong Kong Listing Rules. Century Ruifeng is a substantial shareholder of Zhongyin Ruifeng, a subsidiary of the Company, and is therefore a connected person at the subsidiary level of the Company under the Hong Kong Listing Rules. Accordingly, the Proposed Continuing Connected Transaction Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Board has approved (1) the establishment of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Equipment Leasing Agreement, the Proposed Chemical Projects Entrusted Management Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement and the Proposed Bulk Commodities Mutual Supply Agreement and their respective proposed annual caps; and (2) the appointment of an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Products, Materials and Equipment Leasing Agreement and the Proposed Bulk Commodities Sale and Purchase Agreement and their respective proposed annual caps. A circular containing, among other things, particulars of the Proposed Continuing Connected Transaction Agreements and the respective proposed annual caps, a letter from the Independent Board Committee and a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders, is expected to be despatched to the Shareholders on or before 11 January 2018, as additional time is required to prepare and finalise the information to be included in the circular, such as the letter from the Board and the letter of advice from the independent financial adviser.

Background

Reference is made to the announcements of the Company dated 24 October 2014 and 29 March 2016 and the circulars of the Company dated 27 November 2014 and 25 April 2016, respectively, in relation to, among others, the Existing Continuing Connected Transactions under the respective Existing Continuing Connected Transaction Agreements for the provision of goods and/or services between certain members of Yankuang Group and the Group.

In this announcement, references to the Company and Yankuang Group in relation to the provision of products, materials or services in connection with continuing connected transactions shall include, in the case of the Company, its subsidiaries, or, in the case of Yankuang Group, its subsidiaries and its associates, excluding the Group.

The Existing Continuing Connected Transaction Agreements with Yankuang Group and other connected persons of the Company (as the case may be) include:

1. Existing Mutual Provision of Labour and Services Agreement
2. Existing Coal Train Convoy Service Contract
3. Existing Provision of Insurance Fund Administrative Services Agreement
4. Existing Provision of Materials Supply Agreement
5. Existing Provision of Products, Materials and Equipment Leasing Agreement
6. Existing Provision of Electricity and Heat Agreement
7. Existing Chemical Projects Entrusted Management Agreement
8. Existing Know-how Licensing Agreement

On 27 November 2017, the Company entered into the Proposed Continuing Connected Transaction Agreements with Yankuang Group and Century Ruifeng (as the case may be) relating to the renewal of certain Existing Continuing Connected Transaction Agreements and the entering into of several new continuing connected transaction agreements (as the case may be). Some of the Proposed Continuing Connected Transaction Agreements are subject to the Independent Shareholders' approval at the EGM.

Yankuang Group is a controlling shareholder of the Company directly and indirectly holding approximately 56.59% of the issued share capital of the Company as at the date of this announcement, and thus a connected person of the Company under the Hong Kong Listing Rules. Century Ruifeng is a substantial shareholder of Zhongyin Ruifeng, a subsidiary of the Company, and is therefore a connected person of the Company at the subsidiary level under the Hong Kong Listing Rules. Accordingly, the Proposed Continuing Connected Transaction Agreements and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

I. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

1. The Proposed Mutual Provision of Labour and Services Agreement

On 24 October 2014, the Company entered into the Existing Mutual Provision of Labour and Services Agreement with Yankuang Group for a term of three years commencing from 1 January 2015 to 31 December 2017. On 17 February 2016, the Company entered into the Existing Coal Train Convoy Service Contract with Yankuang Security for a term of two years commencing from 1 January 2016 to 31 December 2017. Please refer to the announcements of the Company dated 24 October 2014 and 17 February 2016 and the circular

of the Company dated 27 November 2014 for the details of the Existing Mutual Provision of Labour and Services Agreement and the Existing Coal Train Convoy Service Contract.

The Proposed Mutual Provision of Labour and Services Agreement

In order to better regulate the provision of labour and services between the Group and the Yankuang Group under the Existing Mutual Provision of Labour and Services Agreement and the Existing Coal Train Convoy Service Contract, on 27 November 2017, the Company consolidated the Existing Mutual Provision of Labour and Services Agreement and the Existing Coal Train Convoy Service Contract and entered into the Proposed Mutual Provision of Labour and Services Agreement.

Date

27 November 2017

Parties

- (1) the Company; and
- (2) Yankuang Group

Term

Three years commencing from 1 January 2018 and expiring on 31 December 2020

Major terms

Provision of labour and services by the Company to Yankuang Group:

Pursuant to the Proposed Mutual Provision of Labour and Services Agreement, the Company has agreed to provide Yankuang Group with services including transportation services, repair and maintenance services, training services and consultancy services.

Provision of labour and services by Yankuang Group to the Company:

Pursuant to the Proposed Mutual Provision of Labour and Services Agreement, Yankuang Group has agreed to provide the Company with services including heat supply services, property management services, informationization and telecommunication services, repair and maintenance services, construction engineering and management services, individual employee benefits, retiree benefits, asset leasing and relevant services, canteen operation services, guarantee services and security services (including security guard services and coal train convoy services).

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the labour or services that it requires in the coming year and the parties shall agree on an annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Mutual Provision of Labour and Services Agreement.

Payment

- (1) The payment of consideration of the Proposed Mutual Provision of Labour and Services Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Mutual Provision of Labour and Services Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

In respect of the provision of construction engineering and management services, informationization and telecommunication services, repair and maintenance services for constructions and equipment, canteen operation services, guarantee services, security guard services in security services and asset leasing and relevant services by Yankuang Group to the Company, the consideration shall be determined according to the Market Price (as defined below).

In respect of the provision of training services, transportation services, repair and maintenance services, and consultancy services by the Company to Yankuang Group, the consideration shall be determined according to the Market Price.

The Market Price shall in so far as possible be calculated and estimated before the commencement of each financial year.

“**Market Price**” shall be determined according to normal commercial terms based on the following:

- (i) the price to be received by independent third parties for provision of the same or similar type of services in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such independent third parties; or
- (ii) if paragraph (i) above is not applicable, the price to be received by independent third parties in the PRC for provision of the same or similar type of services under normal commercial terms in the ordinary course of business of such independent third parties.

To determine the Market Price, the sales department or purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department or purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

In respect of the provision of property management services, individual employee benefits, and retiree benefits by Yankuang Group to the Company, the consideration shall be determined according to the Cost Price (as defined below).

“**Cost Price**” is the transaction price determined based on the actual cost. The actual cost is the cost of providing the subject matter of the transaction by the providing party. For the purpose of computing the actual cost, Yankuang Group shall provide the Company with full account books and records in respect of the costs of such services.

The consideration for the provision of property management services by Yankuang Group shall be equal to the sum of the total costs for providing such services by Yankuang Group to the Company and itself multiplied by the proportion of the total number of employees in respect of the services received by the Company to the total number of employees in respect of the services received by Yankuang Group and the Company.

The individual employee benefits to be paid shall be equal to the actual cost incurred from the provision of such services by Yankuang Group.

The retiree benefits to be paid shall be equal to 18% of the total salaries of the employees of the Group at the relevant time, which are estimated based on the historical amounts of the previous provision of the services by Yankuang Group and taking into account changes in future. If the actual retiree benefits to be paid exceed the aforementioned estimate, Yankuang Group will pay the excess amount.

The consideration for the provision of heat supply by Yankuang Group to the Company shall be determined in accordance with the price approved by relevant government authorities and shall not be higher than the price prescribed by the local price bureau.

The consideration for the provision of coal train convoy services in security services by Yankuang Group to the Company shall be determined based on the costs incurred by Yankuang Group, such as remuneration, consumption and depreciation of materials and equipment, plus reasonable profit. If the difference between the delivery weight and the arrival weight is within the range of natural and reasonable losses specified by or agreed on by the Company, the fees will be determined based on the delivery weight of the coal at RMB2.35 per tonne.

Yankuang Group has undertaken that the price of such labour and services would not be higher than the price offered by Yankuang Group to any independent third parties for the same type of labour and services under any circumstances.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Mutual Provision of Labour and Services Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the labour and services provided under the Existing Mutual Provision of Labour and Services Agreement and the Existing Coal Train Convoy Service Contract for the two financial years ended 31 December 2016 and nine months ended 30 September 2017 (certain items reclassified by the categories set out in the Proposed Mutual Provision of Labour and Services Agreement):

| Category | Year ended 31 December 2015 | | Year ended 31 December 2016 | | Year ending 31 December 2017 | | Period from 1 January 2017 to 30 September 2017 |
|---|-----------------------------|----------------------------|-----------------------------|----------------------------|------------------------------|----------------------------|---|
| | | | | | | | |
| | Annual cap (RMB'000) | Actual amount (RMB'000) | Annual cap (RMB'000) | Actual amount (RMB'000) | Annual cap (RMB'000) | Actual amount (RMB'000) | |
| <i>Provision of labour and services by Yankuang Group to the Company:</i> | | | | | | | |
| heat supply services | 50,600.0 | 43,751.8 | 52,900.0 | 41,293.0 | 55,200.0 | 42,172.4 | |
| property management services | 140,000.0 | 137,200.0 | 140,000.0 | 137,200.0 | 140,000.0 | 106,270.0 | |
| retiree benefits | 630,000.0 | 539,989.0 | 670,000.0 | 568,237.7 | 700,000.0 | 455,751.8 | |
| individual employee benefits | 56,000.0 | 27,681.3 | 58,000.0 | 25,527.9 | 60,000.0 | 6,768.1 | |
| informationization and telecommunication services | 258,000.0 | 10,164.3 | 259,000.0 | 11,507.0 | 260,000.0 | 35,063.2 | |
| repair and maintenance services for constructions and equipment | 400,000.0 | 74,378.3 | 500,000.0 | 69,305.0 | 600,000.0 | 41,983.2 | |
| construction engineering and management services | 900,000.0 | 687,234.3 | 900,000.0 | 264,057.4 | 900,000.0 | 336,665.2 | |
| asset leasing and relevant services | 50,000.0 | 22,027.6 | 50,000.0 | 27,408.0 | 50,000.0 | 19,735.8 | |
| guarantee services | — | — | — | — | — | — | |
| canteen operation services | — | — | — | — | — | — | |
| security services | 36,000.0 | 24,374.1 | 30,000.0 | 26,669.0 | 31,000.0 | 12,950.6 | |
| automobile transportation | 12,000.0 | 10,184.0 | 12,000.0 | — | 12,000.0 | — | |
| sub-total | 2,532,600.0 | 1,576,984.7 | 2,671,900.0 | 1,171,205.0 | 2,808,200.0 | 1,057,360.3 | |
| <i>Provision of labour and services by the Company to Yankuang Group:</i> | | | | | | | |
| training services | 7,000.0 | 6,381.6 | 7,100.0 | 2,557.9 | 7,300.0 | 2,621.2 | |
| transportation services | — | — | — | — | — | — | |
| repair and maintenance services | — | — | — | — | — | — | |
| consultancy services | — | — | — | — | — | — | |
| coal washing and processing services | 107,640.0 | 6,730.0 | 192,600.0 | 9,272.0 | 365,040.0 | 77.0 | |
| coal mine operation services | 197,000.0 | 300.0 | 215,000.0 | — | 232,000.0 | — | |
| sub-total | 311,640.0 | 13,411.6 | 414,700.0 | 11,829.9 | 604,340.0 | 2,698.2 | |
| Total | 2,844,240.0 | 1,590,396.3 | 3,086,600.0 | 1,183,034.9 | 3,412,540.0 | 1,060,058.5 | |

As at the date of this announcement, the existing annual cap for the year 2017 has not been exceeded.

Having considered the historical figures and the reasons set out below, the Board proposed that the total amounts of the service fees payable by the Company to Yankuang Group under the Proposed Mutual Provision of Labour and Services Agreement shall not exceed RMB2,907,000,000, RMB2,830,700,000 and RMB2,768,270,000 for the three financial years ending 31 December 2018, 2019 and 2020, respectively, and the total amounts of the service fees payable by Yankuang Group to the Company under the Proposed Mutual Provision of Labour and Services Agreement shall not exceed RMB177,100,000, RMB179,100,000 and RMB179,100,000 for the three financial years ending 31 December 2018, 2019 and 2020, respectively.

The proposed annual caps for the transactions under the Proposed Mutual Provision of Labour and Services Agreement are determined mainly based on the following reasons:

Basis of the proposed caps for services provided by Yankuang Group to the Company

- (1) Considering the increase in steam consumption for the new slime drying project of the Company's headquarters, the heat required by the Group for the three years from 2018 to 2020 is expected to increase. It is expected that the annual expenses of the Group for heat supply services for the three financial years ending 31 December 2018, 2019 and 2020 would be RMB85 million, RMB95 million and RMB110 million, respectively;
- (2) Since no significant change is expected in relation to operating premises of Company's headquarters, the annual service fees for the property management services provided by Yankuang Group to the Company for the three financial years ending 31 December 2018, 2019 and 2020 would be calculated on the fixed price basis and remain at the same level as provided in the Existing Mutual Provision of Labour and Services Agreement, i.e. RMB140.00 million;
- (3) In light of the increase of the number of retirees and the increase of retirement pension, it is expected that the annual expenses of the Group for retiree benefits for the three financial years ending 31 December 2018, 2019 and 2020 would be RMB887.00 million, RMB975.70 million and RMB 1,073.27 million, respectively;
- (4) Given the expansion of body check items and the increase of the medication cost, it is expected that the annual expenses of the Group for individual employee benefits for the three financial years ending 31 December 2018, 2019 and 2020 would be RMB40.00 million, RMB45.00 million and RMB50.00 million, respectively;
- (5) Considering the increasing number of shared financial systems, the continuing establishment and improvement of the safety production dispatching system and database, the continuing expansion of service scope due to establishment and acquisition of new subsidiaries, the increase of service price and other factors, it is expected that the annual expenses of the Group for informationalization and telecommunication services for the three financial years ending 31 December 2018, 2019 and 2020 would be RMB90.00 million, RMB100.00 million and RMB110.00 million, respectively;
- (6) Considering the aging of mining equipment and housing, and the increase of repair costs year by year, it is expected that the annual expenses of the Group for repair and maintenance services for the three financial years ending 31 December 2018, 2019 and 2020 would be RMB120.00 million, RMB130.00 million and RMB140.00 million, respectively;

- (7) In light of the second-phase construction works for the coal-to-chemical projects of Yulin Neng Hua and Ordos Neng Hua, the construction plan of Wanfu Coal Mine and washing plants, it is expected that the annual expenses of the Group for construction engineering services for the three financial years ending 31 December 2018, 2019 and 2020 would be RMB1,100.00 million, RMB900.00 million and RMB700.00 million, respectively;
- (8) Considering the increase of leasing of land, buildings, equipment, etc. of Yankuang Group by the Company's new subsidiaries such as Yancoal Blue Sky and Yancoal Mining Construction and the increase of leasing costs, it is expected that the annual expenses of the Group for asset leasing and relevant services for each of the three financial years ending 31 December 2018, 2019 and 2020 would be RMB50.00 million;
- (9) Since the current balance of guarantee provided by Yankuang Group to the Company is RMB26.6 billion and no significant change is expected to occur, for the three financial years ending 31 December 2018, 2019 and 2020, calculated on the basis of the standard guarantee fee at 1.22%, the annual expenses of the Group for guarantee services would be at the same level of the current amount, i.e. RMB325.00 million;
- (10) Considering the actual operation of the canteens of Ordos Neng Hua and Yulin Neng Hua, it is expected that the annual expenses of the Group for canteen operation services for each of the three financial years ending 31 December 2018, 2019 and 2020 would be RMB18.00 million; and
- (11) Security services include train convoy services and security guard services. Considering the increase of coal transport volume, the cancellation of security department of the headquarters of the Company and the increased demand for security services of the new subsidiaries, it is expected that the annual expenses of the Group for security services for each of the three financial years ending 31 December 2018, 2019 and 2020 would increase to RMB52.00 million.

Basis of the proposed caps for services provided by the Company to Yankuang Group

- (1) Having considered the historical figures and the training plan of Anpei Centre, a branch of the Company, it is expected that the annual revenue of the Group for training services for each of the three financial years ending 31 December 2018, 2019 and 2020 would be RMB10.00 million;
- (2) In accordance with the demands by Yankuang Group, the Railway Transportation Department of the Company and the subsidiary of the Company, namely Shandong Duanxin Supply Chain Management Co. Ltd.* (山東端信供應鏈管理有限公司), will provide railway transportation and automobile transportation to Yankuang Group respectively. It is expected that the annual revenue of the Group for transportation services for each of the three financial years ending 31 December 2018, 2019 and 2020 would be RMB126.50 million;
- (3) The Company acquired 100% equity interest in Donghua Heavy Industry previously held by Yankuang Group, in 2015. Donghua Heavy Industry will provide repair and maintenance services to Yankuang Group on needed basis. It is expected that the annual revenue of the Group for repair and maintenance services for the three financial years ending 31 December 2018, 2019 and 2020 would be RMB28.00 million, RMB30.00 million and RMB30.00 million, respectively; and

- (4) Considering the cooperative hedging business carried out by Zhongyin International Trade with Shangqi Capital, Zhongyin International Trade will receive a fixed consulting services fee each year from Shangqi Capital for spot market analysis and spot trading pursuant to the relevant agreement, it is expected that the annual revenue of the Group for consultancy services for each of the three financial years ending 31 December 2018, 2019 and 2020 would be RMB12.6 million.

Reasons and benefits for entering into the Proposed Mutual Provision of Labour and Services Agreement

As regards the provision of labour and services by Yankuang Group, since both Yankuang Group and the Company are situated at Zoucheng, Shandong Province, the Company can obtain timely and reliable supply of labour and services from Yankuang Group, thereby reducing the operational costs and risks which helps to enhance the daily operation efficiency of the Company.

As regards the provision of labour and services by the Company to Yankuang Group, since the Company has professional qualification of and risk management experience in providing services such as training services, transportation services, repair and maintenance services, repair and maintenance services and consultancy services, the Company can enjoy operating profits by providing such services to Yankuang Group at a fair price.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Mutual Provision of Labour and Services Agreement exceeds 5% on an annual basis, the Proposed Mutual Provision of Labour and Services Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Mutual Provision of Labour and Services Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

2. The Proposed Provision of Insurance Fund Administrative Services Agreement

On 24 October 2014, the Company entered into the Existing Provision of Insurance Fund Administrative Services Agreement with Yankuang Group for a term of three years commencing from 1 January 2015 to 31 December 2017. Please refer to the announcement of the Company dated 24 October 2014 and the circular of the Company dated 27 November 2014 for the details of the Existing Provision of Insurance Fund Administrative Services Agreement.

The Proposed Provision of Insurance Fund Administrative Services Agreement

On 27 November 2017, the Company entered into the Proposed Provision of Insurance Fund Administrative Services Agreement with Yankuang Group to renew the Existing Provision of Insurance Fund Administrative Services Agreement on substantially the same terms.

Date

27 November 2017

Parties

- (1) the Company; and
- (2) Yankuang Group

Term

Three years commencing from 1 January 2018 and expiring on 31 December 2020

Major terms

Yankuang Group has undertaken to be responsible for the management of pension insurance payments, basic medical insurance payments, supplementary medical insurance payments, unemployment fund payments, maternity insurance payments and employment injury insurance payments to the employees of the Group on a free-of-charge basis.

The Company would pay to Yankuang Group each month an amount equivalent to (1) 18% of the total monthly salaries of the employees of the Group as pension; (2) 6% of the total monthly salaries of the employees of the Group as the basic medical insurance payments; (3) 4% of the total monthly salaries of the employees of the Group as the supplementary medical insurance payments; (4) 2% of the total monthly salaries of the employees of the Group as the unemployment fund payments; (5) 1% of the total monthly salaries of the employees of the Group as the maternity insurance payments; and (6) 2% of the total monthly salaries of the employees of the Group as the occupational injury insurance payments, to a designated account maintained by Yankuang Group, which would be transferred by Yankuang Group on behalf of the employees of the Group to the relevant social welfare authorities maintained by the local government on a free-of-charge basis. The respective proportion of the relevant insurance payments will be adjusted from time to time according to the changes of the respective proportion of the payments pursuant to the relevant laws and regulations.

Yankuang Group would provide the Company with a statement of the various insurance fund payments each year and the Company would be entitled to monitor and inspect the application of the moneys out of the insurance fund payments.

Pricing

The provision of insurance fund administrative services under the Proposed Provision of Insurance Fund Administrative Services Agreement is on a free-of-charge basis.

The historical amount, proposed annual caps and reasons

As the provision of insurance fund administrative services by Yankuang Group is on a free-of-charge basis under the Existing Provision of Insurance Fund Administrative Services Agreement, there is no historical amount and no annual cap is required to be set for the provision of such services.

According to the applicable PRC regulations, the Company has to provide an annual estimate of the amounts of the insurance fund payments transferred by Yankuang Group on behalf of the employees of the Group to the relevant social welfare authorities maintained by the local government on a free-of-charge basis. Along with the growing prosperity of the industry and the expansion of business of the Company, the total amount of salaries linked to the performance of employees has been increasing. In addition, the newly-added payments of occupational injury insurance has also increased. Considering the above reasons, pursuant to the Proposed Provision of Insurance Fund Administrative Services Agreement, the Company estimates that the amounts of insurance fund of the free transfer services provided by Yankuang Group to the Company for the three financial years ending 31 December 2018, 2019 and 2020 will be RMB1,379,400,000, RMB1,517,340,000 and RMB1,669,080,000, respectively.

Reasons and benefits for entering into the Proposed Provision of Insurance Fund Administrative Services Agreement

The Company does not have the resources to provide social services. The social services such as medical insurance and social security under the Proposed Provision of Insurance Fund Administrative Services Agreement are essential to the Group and are most efficient if the transfer services are provided by Yankuang Group on a free-of-charge basis.

Implications of the Hong Kong Listing Rules

As the insurance fund administrative services will be provided by Yankuang Group on a free-of-charge basis, the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions contemplated thereunder are exempt from all reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules, and no annual cap is required to be set for the provision of such services.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions thereunder for the Independent Shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) consider that the Proposed Provision of Insurance Fund Administrative Services Agreement and the transactions contemplated thereunder are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

3. The Proposed Provision of Materials Supply Agreement

On 24 October 2014, the Company entered into the Existing Provision of Materials Supply Agreement with Yankuang Group for a term of three years commencing from 1 January 2015 to 31 December 2017. Please refer to the announcement of the Company dated 24 October 2014 and the circular of the Company dated 27 November 2014 for the details of the Existing Provision of Materials Supply Agreement.

The Proposed Provision of Materials Supply Agreement

On 27 November 2017, the Company entered into the Proposed Provision of Materials Supply Agreement with Yankuang Group to renew the Existing Provision of Materials Supply Agreement on substantially the same terms.

Date

27 November 2017

Parties

- (1) the Company; and
- (2) Yankuang Group

Term

Three years commencing from 1 January 2018 and expiring on 31 December 2020

Major terms

Yankuang Group would provide the following materials to the Company: water pipes, magnetoelectric powders, anchor bars and other supporting products, carrier rollers and other similar materials.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies or services that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Provision of Materials Supply Agreement.

Payment

- (1) The payment of consideration of the Proposed Provision of Materials Supply Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Provision of Materials Supply Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

All materials would be supplied at Market Price and such price shall in so far as possible be calculated and estimated before the commencement of each financial year.

To determine the Market Price, the purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by

publishing tender notice through various media resources, such as local newspapers. The purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Yankuang Group has undertaken that the price of such supplies would not be higher than the price offered by Yankuang Group to any independent third parties for the same type of materials under any circumstances.

In the event that the terms of provision of any materials by any third party are better than the terms offered by Yankuang Group or if the provision of such materials by Yankuang Group cannot meet the demand of the Company, the Company would be entitled to purchase any such materials from other third parties.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Provision of Materials Supply Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Provision of Materials Supply Agreement for the two financial years ended 31 December 2016 and nine months ended 30 September 2017:

| Year ended 31 December 2015 | | Year ended 31 December 2016 | | Year ending | Period from |
|------------------------------------|----------------------------|------------------------------------|----------------------------|-------------------------|--|
| | | | | 31 December 2017 | 1 January 2017 to 30 September 2017 |
| Annual cap (RMB'000) | Actual amount (RMB'000) | Annual cap (RMB'000) | Actual amount (RMB'000) | Annual cap (RMB'000) | Actual amount (RMB'000) |
| 1,387,000.0 | 157,201.5 | 1,544,000.0 | 699,066.0 | 1,719,000.0 | 497,668.0 |

As at the date of this announcement, the existing annual cap for the year 2017 has not been exceeded.

Considering the completion of construction and commencement of operation of the project of Yancoal Blue Sky, a subsidiary of the Company, as well as the coal mine project located in Inner Mongolia Autonomous Region, the materials provided by Yankuang Group to the Company is expected to decrease. In the meanwhile, the Company will reduce the procurement of materials from Yankuang Group by actively initiating repair of the used material and recycling of the waste as well as direct procurement from the market. Based on such, the Board proposed that the total annual amounts of the service fees payable by the Company to Yankuang Group under the Proposed Provision of Materials Supply Agreement shall not exceed RMB300,000,000, for each of the three financial years ending 31 December 2018, 2019 and 2020.

Reasons and benefits for entering into the Proposed Provision of Materials Supply Agreement

The Company requires stable suppliers for steady business expansion. Certain equipment and materials provided by Yankuang Group is better than those offered by external suppliers. Further, transportation of materials is convenient since Yankuang Group's production sites are close to the Company's coal mines.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios for the transactions under the Proposed Provision of Materials Supply Agreement exceeds 0.1% but is less than 5% on an annual basis, the Proposed Provision of Materials Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Provision of Materials Supply Agreement and the transactions thereunder for the Independent Shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) consider that the Proposed Provision of Materials Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

4. The Proposed Provision of Products, Materials and Equipment Leasing Agreement

On 24 October 2014, the Company entered into the Existing Provision of Products, Materials and Equipment Leasing Agreement and the Existing Provision of Electricity and Heat Agreement with Yankuang Group for a term of three years commencing from 1 January 2015 to 31 December 2017. The Existing Provision of Products, Materials and Equipment Leasing Agreement, the transactions thereunder and the annual caps were approved by the Independent Shareholders at the 2014 second extraordinary general meeting of the Company held on 12 December 2014. Please refer to the announcement of the Company dated 24 October 2014 and the circular of the Company dated 27 November 2014 for the details of the Existing Provision of Products, Materials and Equipment Leasing Agreement and the Existing Provision of Electricity and Heat Agreement.

The Proposed Provision of Products, Materials and Equipment Leasing Agreement

In order to better regulate the provision of products, materials and equipment leasing between the Group and Yankuang Group under the Existing Provision of Products, Materials and Equipment Leasing Agreement and the Existing Provision of Electricity and Heat Agreement, on 27 November 2017, the Company consolidated the Existing Provision of Products, Materials and Equipment Leasing Agreement and the Existing Provision of Electricity and Heat Agreement and entered into the Proposed Provision of Products, Materials and Equipment Leasing Agreement.

Date

27 November 2017

Parties

- (1) the Company; and
- (2) Yankuang Group

Term

Three years commencing from 1 January 2018 and expiring on 31 December 2020

Major Terms

Pursuant to the Proposed Provision of Products, Materials and Equipment Leasing Agreement, the Company would provide the followings to Yankuang Group: coal products, methanol, electricity, heat, materials (including steel, non-ferrous metal, timber, grease and oil products, axles, mining equipment and machineries such as hydraulic support and rubber conveyors, and other similar materials) and equipment leasing.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies or services that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Provision of Products, Materials and Equipment Leasing Agreement.

Payment

- (1) The payment of consideration of the Provision of Products, Materials and Equipment Leasing Agreement can be settled on a one-off basis or by installment in accordance paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Provision of Products, Materials and Equipment Leasing Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The price of coal products, methanol, supplies and equipment leasing shall be determined according to the Market Price.

The price of electricity and heat shall be determined based on the price approved by the relevant government authorities (including but not limited to Shandong Province Price Bureau and Jining Municipal Price Bureau) and would be settled according to the actual amounts used by Yankuang Group.

To determine the Market Price, the sales department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department of the Company will

update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Provision of Products, Materials and Equipment Leasing Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Provision of Products, Materials and Equipment Leasing Agreement and the Existing Provision of Electricity and Heat Agreement for the two financial years ended 31 December 2016 and nine months ended 30 September 2017:

| Category | Year ended 31 December 2015 | | Year ended 31 December 2016 | | Year ending | Period from |
|--------------------|-----------------------------|----------------------------|-----------------------------|----------------------------|-------------------------|---|
| | | | | | 31 December 2017 | 1 January 2017 |
| | Annual cap (RMB'000) | Actual amount (RMB'000) | Annual cap (RMB'000) | Actual amount (RMB'000) | Annual cap (RMB'000) | to 30 September 2017 Actual amount (RMB'000) |
| coal sales | 3,671,000.0 | 1,092,512.2 | 3,881,000.0 | 1,103,442.4 | 4,091,000.0 | 760,779.8 |
| materials supply | 1,053,000.0 | 380,494.8 | 1,247,000.0 | 457,954.7 | 1,481,000.0 | 242,506.4 |
| methanol sales | 768,000.0 | 29,668.3 | 768,000.0 | 48,353.1 | 768,000.0 | 4,032.9 |
| equipment leasing | 335,150.0 | 615.0 | 664,700.0 | 391.3 | 994,250.0 | 4,858.4 |
| electricity supply | 120,000.0 | 95,936.3 | 120,000.0 | 83,022.0 | 120,000.0 | 51,249.5 |
| heat supply | 22,600.0 | 22,549.4 | 23,700.0 | 15,913.0 | 24,800.0 | 10,783.1 |
| Total | 5,969,750.0 | 1,621,776.0 | 6,704,400.0 | 1,709,076.6 | 7,479,050.0 | 1,074,210.1 |

As at the date of this announcement, the existing annual cap for the year 2017 has not been exceeded.

The Board proposed that the annual amount payable by Yankuang Group to the Company under the Proposed Provision of Products, Materials and Equipment Leasing Agreement shall not exceed RMB3,837,300,000, RMB4,495,800,000 and RMB4,876,700,000 for the three financial years ending 31 December 2018, 2019 and 2020, respectively.

- (1) Considering the sales plan of the marketing centre of the Company and the subsidiaries of the Company, namely Ordos Neng Hua and Heze Neng Hua Co., Ltd.*, and the demand of Yankuang Group, the Board proposed that the revenue of coal sales payable by Yankuang Group to the Company for the three financial years ending 31 December 2018, 2019 and 2020 shall be RMB2,272,500,000, RMB2,638,000,000 and RMB2,771,000,000, respectively;

- (2) Considering (i) the commencement of operation of the new projects, such as the second phase of coal-to-liquid project of Yankuang Group, which resulted in the increasing demand for materials of Yankuang Group; and (ii) the sales of electromechanical equipment, such as hydraulic support and rubber conveyors, by Donghua Heavy Industry, a subsidiary of the Company, to Yankuang Group, according to the need of Yankuang Group, the Board proposed that the revenue of provision of materials payable by Yankuang Group to the Company for the three financial years ending 31 December 2018, 2019 and 2020 shall be RMB1,318,800,000, RMB1,596,800,000 and RMB1,809,700,000, respectively;
- (3) Considering the actual demand for methanol products of Yankuang Group, the current sales capability of the Company and the increasing capacity of the second-phase construction work of Yulin Neng Hua and Ordos Neng Hua, the Board proposed that the revenue of sales of methanol payable by Yankuang Group to the Company for the three financial years ending 31 December 2018, 2019 and 2020 shall be RMB80,000,000, RMB80,000,000 and RMB100,000,000, respectively;
- (4) Considering the demand for asset leasing of Yankuang Group, the Board proposed that the revenue of provision of asset leasing payable by Yankuang Group to the Company for the three financial years ending 31 December 2018, 2019 and 2020 shall be RMB30,000,000, RMB35,000,000 and RMB40,000,000, respectively;
- (5) The provision of electricity and heat is adjusted from the Existing Provision of Electricity and Heat Agreement into the Proposed Provision of Products, Materials and Equipment Leasing Agreement. Considering the increasing demand for electricity and heat products of Yankuang Group, the Board proposed that (i) the revenue of sales of electricity payable by Yankuang Group to the Company for the three financial years ending 31 December 2018, 2019 and 2020 shall be RMB110,000,000, RMB120,000,000 and RMB130,000,000, respectively; and (ii) the revenue of sale of heat payable by Yankuang Group to the Company for each of the three financial years ending 31 December 2018, 2019 and 2020 shall be RMB26,000,000.

Reasons and benefits for entering into the Proposed Provision of Products, Materials and Equipment Leasing Agreement

Due to the close proximity between Yankuang Group and the Company, the provision of products and materials by the Company to Yankuang Group at Market Price can reduce management and operational costs of the Group and can achieve a stable sales market for the Company. Meanwhile, the Company's material supply centre has the qualification for materials and equipment distribution. Hence, it is able to purchase materials and equipment at a lower wholesale price, and subsequently resell to Yankuang Group at a higher Market Price, thereby increases the Company's operating profit. Furthermore, the Company, through its equipment management centre and Zhongyin Finance Leasing provides equipment leasing to Yankuang Group under normal commercial terms based on its operation needs and thus could effectively control the risks of financial leasing business and achieve economic benefits.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios for the transactions under the Proposed Provision of Products, Materials and Equipment Leasing Agreement exceeds 5% on an annual basis, the Proposed Provision of Products, Materials and Equipment Leasing Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Provision of Products, Materials and Equipment Leasing Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

5. The Proposed Chemical Projects Entrusted Management Agreement

On 28 October 2016, the Company entered into the Existing Chemical Projects Entrusted Management Agreement with Yankuang Chemical, a wholly-owned subsidiary of Yankuang Group, for a term commencing from 28 October 2016 to 31 December 2017. Please refer to the announcement of the Company dated 28 October 2016 for the details of the Existing Chemical Projects Entrusted Management Agreement.

The Proposed Chemical Projects Entrusted Management Agreement

On 27 November 2017, the Company entered into the Proposed Chemical Projects Entrusted Management Agreement with Yankuang Group, the terms of which are substantially the same as the Existing Chemical Projects Entrusted Management Agreement.

Date

27 November 2017

Parties

- (1) the Company; and
- (2) Yankuang Group

Term

Three years commencing from 1 January 2018 and expiring on 31 December 2020

Major Terms

Pursuant to the Proposed Chemical Projects Entrusted Management Agreement, Yankuang Group has undertaken to be responsible for the strategy management, industrial development, significant safety technology management, related production and operation management, the sales of chemical products of the target companies (each the “**Target Company**”) as specified in the agreement, etc. Yankuang Group has undertaken the regulatory responsibility for significant issues related to safety and environmental protection of the Target Company.

Within thirty days prior to the expiration of the period of entrusted management, the parties may renew the management agreement upon negotiation.

Payment

During the period of entrusted management, the Company shall pay the management fees by annual instalments. 70% of the annual management fees shall be paid before the end of January of the following year, and the remainder shall be paid within one month after the results audited under the operational target management responsibility system are verified.

During the period of entrusted management, pursuant to the terms of the agreement, when the Company is required to pay for the selling fees, the Company shall pay the corresponding fees to Yankuang Group within one month after the auditing results of the operational target management responsibility system being verified each year.

During the period of entrusted management, if the Target Company has any safety or environmental incident (including unplanned production suspension) and, according to the investigation opinion confirmed by superior authorities, it is found that Yankuang Group shall take responsibility for such incident, the management fees paid by the Company to Yankuang Group shall be deducted proportionately according to the losses resulted from the incident until all the management fees are fully deducted.

Pricing

Management fees shall be accrued in accordance with the benchmark of RMB3 per tonne of methanol product produced by the Target Company: (1) if the Target Company's production volume falls below the production evaluation target, the management fees shall be accrued in accordance with the standard rate (i.e. completion rate of production evaluation target multiplied by RMB3 per tonne); (2) if the Target Company's production volume is equal to the production evaluation target, the management fees shall be accrued in accordance with the standard rate of RMB3 per tonne; and (3) if the Target Company's production volume is greater than the production evaluation target, the management fees shall be the sum of (i) the product of "production evaluation target multiplied by RMB3 per tonne" and (ii) the product of "volume of product in excess of the production evaluation target multiplied by RMB3.5 per tonne".

Chemical products produced by the Target Companies are sold by Yankuang Group at 99% of the published price of a third-party website: www.icis-china.com (the "**Standard Sales Price**"). Specific pricing mechanism is subject to further amendments of the agreement to be made upon mutual agreement by both parties from time to time.

Where the actual sales price is higher than the Standard Sales Price, the surplus will be paid by the Company to Yankuang Group as sales expenses; where the actual price is lower than the Standard Sales Price, the shortfall will be deducted from the management fees payable by the Company to Yankuang Group. If all the management fees are deducted, Yankuang Group shall pay the outstanding deficit by cash.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Chemical Projects Entrusted Management Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

The annual caps of the Existing Chemical Projects Entrusted Management Agreement for the two financial years ended 31 December 2016 and 31 December 2017, were RMB5,500,000 and RMB5,500,000, respectively. No transaction has been carried out under the Existing Chemical Projects Entrusted Management Agreement during the relevant periods. Therefore, as at the date of this announcement, the existing annual cap for the year 2017 has not been exceeded.

The combined designed annual production capacity of coal chemical products of Yulin Neng Hua and Ordos Neng Hua was 1.6 million tonnes. After the completion of their respective second-phase construction works, the combined annual production capacity of coal chemical products of Yulin Neng Hua and Ordos Neng Hua is expected to reach 3 million tonnes. Considering the increase in production of coal chemical products and the rise in the price of coal chemical products, the Board proposed that the annual amount payable by the Company to Yankuang Group under the Proposed Chemical Projects Entrusted Management Agreement for the three financial years ending 31 December 2018, 2019 and 2020 shall not exceed RMB20,000,000, RMB25,000,000 and RMB40,000,000, respectively.

Reasons and benefits for entering into the Proposed Chemical Projects Entrusted Management Agreement

The Proposed Chemical Projects Entrusted Management Agreement can fully utilize Yankuang Group's experiences and advantages in production, sales, professional expertise as well as safety and environment management. As such, the Company can reduce its management costs and stabilize its sales revenue. The Proposed Chemical Projects Entrusted Management Agreement also helps to resource sharing and synergistic development of the chemical industry branch and the coal production branch, which enhances economic benefits and strengthens the competitiveness of the Company, thereby achieving long-term development.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratio for the transactions under the Proposed Chemical Projects Entrusted Management Agreement exceeds 0.1% but is less than 5% on an annual basis, the Proposed Chemical Projects Entrusted Management Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Chemical Projects Entrusted Management Agreement and the transactions thereunder for the Independent Shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) consider that the Proposed Chemical Projects Entrusted Management Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

II. ENTERING INTO OF NEW CONTINUING CONNECTED TRANSACTIONS AGREEMENTS

1. The Proposed Bulk Commodities Sale and Purchase Agreement

On 27 November 2017, the Company entered into the Proposed Bulk Commodities Sale and Purchase Agreement with Yankuang Group.

Date

27 November 2017

Parties

- (1) the Company; and
- (2) Yankuang Group

Term

Three years commencing from 1 January 2018 and expiring on 31 December 2020

Major terms

Pursuant to the Proposed Bulk Commodities Sale and Purchase Agreement, the Company and Yankuang Group may, from time to time, sell or purchase coal, soybean, iron ore and other bulk commodities from each other.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Bulk Commodities Sale and Purchase Agreement.

Payment

- (1) The payment of consideration of the Proposed Bulk Commodities Sale and Purchase Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The price of coal, soybean, iron ore and other bulk commodities shall be determined according to the Market Price.

To determine the Market Price, the sales department or purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations by obtaining quotation fee from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources such as local newspapers to determine the Market Price. The sales department or purchase department of the Company will update the relevant information from time to time based on the procurement demand and will continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Yankuang Group has undertaken that the price of such bulk commodities shall not be higher than the price offered by Yankuang Group to any independent third parties for the same type of bulk commodities under any circumstances.

In the event that the terms or conditions of the provision or procurement of any bulk commodities by any third party are better than the terms or conditions offered by Yankuang Group or if the provision of such bulk commodities by Yankuang Group cannot meet the demand of the Company, the Company would be entitled to purchase any such bulk commodities from or sell such bulk commodities to other third parties.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Bulk Commodities Sale and Purchase Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

Proposed annual caps and reasons

In terms of the sales of bulk commodities from the Company to Yankuang Group, taking into account of (i) the average price of the relevant commodities in the first eight months of 2017, (ii) the sales plan of Zhongyin International Trade for selling coal, soybean and iron ore to Yankuang Group for the year 2018 which is formulated based on the procurement demand of Yankuang Group and the business development plan of Zhongyin International Trade, and (iii) in 2019 and 2020, the sales volume of coal is expected to remain unchanged, and the sales volume of bulk commodities such as soybean and iron ore is expected to expand with an annual increase rate of 10% and 20%, respectively, the Board proposed that the annual fees payable by Yankuang Group to the Company under the Proposed Bulk Commodities Sale and Purchase Agreement shall not exceed RMB3,641,000,000, RMB3,841,000,000 and RMB4,281,000,000 for the three financial years ending 31 December 2018, 2019 and 2020, respectively.

In terms of the purchase of bulk commodities by the Company from Yankuang Group, taking into account of (i) the average price of the relevant commodities in the first eight months of 2017, (ii) the procurement plan of Zhongyin International Trade for purchasing coal, soybean and iron ore from Yankuang Group for the year 2018 which is formulated based on the development demand of Zhongyin International Trade and the sales intention of Yankuang Group, and (iii) in 2019 and 2020, the purchase scale of coal is expected to remain unchanged, and the purchase scale of soybean and iron ore is expected to expand with an annual increase rate of 10% and 20% (as compared to the previous year) respectively, the Board proposed that the annual fees payable by the Company to Yankuang Group under the Proposed Bulk Commodities Sale and Purchase Agreement shall not exceed RMB4,500,000,000, RMB4,700,000,000 and RMB5,140,000,000 for the three financial years ending 31 December 2018, 2019 and 2020, respectively.

Reasons and benefits for entering into the Proposed Bulk Commodities Sale and Purchase Agreement

As the Company has a better understanding in the operation and reputation of Yankuang Group, the Company believes that the risk of trading with Yankuang Group is lower than trading with third parties. The Proposed Bulk Commodities Sale and Purchase Agreement will also bring the advantages of both the Company and Yankuang Group in sales resources and sales channels into full play, thereby results in a synergistic effect.

Implications of the Hong Kong Listing Rules

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement exceeds 5% on an annual basis, the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps are subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

The Directors (excluding the independent non-executive Directors who will provide their view in the letter from the Independent Board Committee to be included in the circular to be despatched to the Shareholders in due course) consider that the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

2. The Proposed Bulk Commodities Mutual Supply Agreement

On 27 November 2017, the Company entered into the Proposed Bulk Commodities Mutual Supply Agreement with Century Ruifeng.

Date

27 November 2017

Parties

- (1) the Company; and
- (2) Century Ruifeng

Term

Three years commencing from 1 January 2018 and expiring on 31 December 2020

Major terms

Pursuant to the Proposed Bulk Commodities Mutual Supply Agreement, the Company and Century Ruifeng agreed to, from time to time, sell or purchase bulk commodities including iron ore, coal and steel to or from each other.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Bulk Commodities Mutual Supply Agreement.

Payment

- (1) The payment of consideration of the Proposed Bulk Commodities Mutual Supply Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Bulk Commodities Mutual Supply Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputable payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The price of iron ore, coal, steel and other bulk commodities shall be determined according to the Market Price.

To determine the Market Price, the sales department or purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other independent third parties generally through obtaining quotations from at least two independent third parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department or purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the Market Price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Century Ruifeng has undertaken that the price of such bulk commodities shall not be higher than the price offered by Century Ruifeng to any independent third parties for the same type of bulk commodities under any circumstances.

In the event that the terms or conditions of the provision or procurement of any bulk commodities by any third party are better than the terms or conditions offered by Century Ruifeng or if the provision of such bulk commodities by Century Ruifeng cannot meet the demand of the Company, the Company would be entitled to purchase any such bulk commodities from or sell such bulk commodities to other third parties.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Bulk Commodities Mutual Supply Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

Proposed annual caps and reasons

In terms of the sales of bulk commodities by the Company to Century Ruifeng, taking into account of (i) the average price of the relevant coal in the first eight months of 2017 and (ii) the sales plan of the Company's domestic and overseas subsidiaries for selling coal to Century Ruifeng which is formulated based on the procurement demand of Century Ruifeng and the business development plan of the Company and the subsidiaries for the next three financial years, the Board proposed that the annual fees payable by Century Ruifeng to the Company under the Proposed Bulk Commodities Mutual Supply Agreement shall not exceed RMB1,733,000,000, RMB2,195,000,000 and RMB3,119,000,000 for the three financial years ending 31 December 2018, 2019 and 2020, respectively.

In terms of the purchase of bulk commodities by the Company from Century Ruifeng, taking into account of (i) the procurement plan of Zhongyin Ruifeng for purchasing bulk commodities from Century Ruifeng for the next three financial years which is formulated based on the business development plan of the Company and (ii) the sales intention of Century Ruifeng, the Board proposed that the annual fees payable by the Company to Century Ruifeng to under the Proposed Bulk Commodities Mutual Supply Agreement for the three financial years ending 31 December 2018, 2019 and 2020 shall not exceed RMB1,315,000,000, RMB1,100,000,000 and RMB900,000,000, respectively.

Reasons and benefits for entering into the Proposed Bulk Commodities Mutual Supply Agreement

As Century Ruifeng is the other shareholder of Zhongyin Ruifeng, a subsidiary of the Company, it is easier for the Company to obtain information relating to Century Ruifeng's credit rating and state of operation. The Company believes that the risk in trading with Century Ruifeng is lower than trading with third parties. The Proposed Bulk Commodities Mutual Supply Agreement will also bring the advantages of both Century Ruifeng and the Company in sale resources and sales channels into full play, thereby results in a synergistic effect.

Implications of the Hong Kong Listing Rules

As Century Ruifeng is a substantial shareholder of Zhongyin Ruifeng, a subsidiary of the Company, it is therefore a connected person at the subsidiary level of the Company, and the Proposed Bulk Commodities Mutual Supply Agreement and the transactions contemplated thereunder constitute a continuing connected transaction with a connected person at the subsidiary level of the Company.

The Directors (including the independent non-executive Directors) consider that the Proposed Bulk Commodities Mutual Supply Agreement, the transactions contemplated thereunder and the proposed annual caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

As the Directors have approved the Proposed Bulk Commodities Mutual Supply Agreement and the transactions contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the Proposed Bulk Commodities Mutual Supply Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Hong Kong Listing Rules, the Proposed Bulk Commodities Mutual Supply Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements and are exempt from the circular, independent financial advice and shareholders' approval requirements.

According to the applicable PRC regulations, the Company will submit the resolution relating to the Proposed Bulk Commodities Mutual Supply Agreement and the transactions thereunder for the Independent Shareholders' approval at the EGM.

III. GENERAL

The Proposed Continuing Connected Transactions Agreements, the transactions contemplated thereunder and the respective proposed annual caps were approved at the seventh meeting of the seventh session of the Board held on 27 November 2017.

At the aforesaid Board meeting, three Directors, Mr. Li Xiyong, Mr. Li Wei and Mr. Wu Yuxiang, being also directors or senior management of Yankuang Group, were regarded as having a material interest in the abovementioned continuing connected transactions (except the Proposed Bulk Commodities Mutual Supply Agreement) and therefore, they have abstained from voting at the aforesaid Board meeting convened for the purpose of approving such transactions. Save as disclosed above, none of the Directors has a material interest in such transactions.

Information of the parties

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 in pulverized coal injection.

Yankuang Group

Yankuang Group is a wholly State-owned corporation with a registered capital of RMB3,353,388,000 and is principally engaged in businesses such as production of coal, coal chemicals, coal aluminium, complete sets of electromechanical equipment manufacture and financial investment. As at the date of this announcement, Yankuang Group is a controlling shareholder of the Company, directly and indirectly holding approximately 56.59% of the issued share capital of the Company, and is therefore a connected person of the Company.

Century Ruifeng is a limited liability company incorporated in the PRC. Its main scope of business includes international freight forwarders, self-operation and agency business of importation and exportation of various types of goods and technologies, transport consultancy; wholesale and retail of metal materials (excluding rare and dilute metals), construction materials, iron ore, daily sundries, garments, machinery and equipment, chemical products (excluding dangerous products), electrical equipment and relevant agency business, coke; domestic shipping agency, commodities water transport agency.

IV. THE EXTRAORDINARY GENERAL MEETING

As at the date of this announcement, Yankuang Group is the controlling shareholder of the Company holding, directly and indirectly, approximately 56.59% of the issued share capital of the Company. Yankuang Group and its associates will abstain from voting at the EGM on the ordinary resolutions approving the Proposed Continuing Connected Transaction Agreements (except the Proposed Bulk Commodities Mutual Supply Agreement), the transactions contemplated thereunder and their respective proposed annual caps which will be taken by poll as required under the Hong Kong Listing Rules. As at the date of this announcement, so far as the Directors are aware, other than the aforesaid wholly-owned subsidiary of Yankuang Group, there is no other associate of Yankuang Group that held shares of the Company and therefore is required to abstain from voting on such ordinary resolutions.

The Board has approved (1) the establishment of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Agreement, the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Equipment Leasing Agreement, the Proposed Chemical Projects Entrusted Management Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Bulk Commodities Mutual Supply Agreement and their respective proposed annual caps; and (2) the appointment of an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Products, Materials and Equipment Leasing Agreement and the Proposed Bulk Commodities Sale and Purchase Agreement and their respective proposed annual caps.

According to the applicable PRC regulations, the Company will submit the resolutions relating to the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Materials Supply Agreement, the Proposed Provision of Products, Materials and Equipment Leasing Agreement, the Proposed Chemical Projects Entrusted Management Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Bulk Commodities Mutual Supply Agreement, the transactions contemplated thereunder the transactions contemplated thereunder and their respective proposed annual caps, for the Independent Shareholders' approval at the EGM.

A circular containing, among other things, particulars of the Proposed Continuing Connected Transaction Agreements and their respective proposed annual caps, a letter from the Independent Board Committee and a letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders, is expected to be despatched to the Shareholders on or before 11 January 2018, as additional time is required to prepare and finalise the information to be included in the circular.

V. DEFINITIONS

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

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| “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 |
| “associate(s)” | has the meaning ascribed thereto under the Hong Kong Listing Rules |
| “Board” | the board of Directors |
| “Business Day” | a day which is not a Saturday, Sunday or a public holiday in the PRC or Hong Kong (as the case may be) |
| “Century Ruifeng” | Qingdao Century Ruifeng Group Company Limited* (青島世紀瑞豐集團有限公司), a limited liability company incorporated in the PRC |
| “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 |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the Hong Kong Listing Rules |
| “Cost Price” | has the meaning ascribed thereto under the paragraph headed “The Proposed Mutual Provision of Labour and Services Agreement” under Section I of this announcement |
| “Director(s)” | the director(s) of the Company |
| “Donghua Heavy Industry” | Yankuang Donghua Heavy Industry Company Limited* (兗礦東華重工有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company |
| “EGM” | the extraordinary general meeting of the Company to be held in due course or any adjournment thereof for the purpose of considering and, if appropriate, approving, among others, the Proposed Continuing Connected Transaction Agreements referred to in this announcement, the transactions contemplated thereunder and their respective proposed annual caps |
| “Existing Coal Train Convoy Service Contract” | the coal train convoy service contract entered into between the Company and Yankuang Security on 17 February 2016 |

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| “Existing Continuing Connected Transactions” | the transactions under the respective Existing Continuing Connected Transaction Agreements |
| “Existing Continuing Connected Transaction Agreements” | the Existing Mutual Provision of Labour and Services Agreement, the Existing Coal Train Convoy Service Contract, the Existing Provision of Insurance Fund Administrative Services Agreement, the Existing Provision of Materials Supply Agreement, the Existing Provision of Products, Materials and Equipment Leasing Agreement, the Existing Provision of Electricity and Heat Agreement, the Existing Chemical Projects Entrusted Management Agreement and the Existing Know-how Licensing Agreement |
| “Existing Chemical Projects Entrusted Management Agreement” | the chemical projects entrusted management agreement entered into between the Company and Yankuang Chemical on 28 October 2016 |
| “Existing Know-how Licensing Agreement” | the know-how licensing agreement entered into between Yancoal Blue Sky and Yankuang Technology on 11 October 2016 |
| “Existing Mutual Provision of Labour and Services Agreement” | the mutual provision of labour and services agreement entered into between the Company and Yankuang Group on 24 October 2014 |
| “Existing Provision of Electricity and Heat Agreement” | the provision of electricity and heat agreement entered into between the Company and Yankuang Group on 24 October 2014 |
| “Existing Provision of Insurance Fund Administrative Services Agreement” | the provision of insurance fund administrative services agreement entered into between the Company and Yankuang Group on 24 October 2014 |
| “Existing Provision of Materials Supply Agreement” | the provision of materials supply agreement entered into between the Company and Yankuang Group on 24 October 2014 |
| “Existing Provision of Products, Materials and Equipment Leasing Agreement” | the provision of products, materials and equipment leasing agreement entered into between the Company and Yankuang Group on 24 October 2014 |
| “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 |

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| “Market Price” | has the meaning ascribed thereto under the paragraph headed “The Proposed Mutual Provision of Labour and Services Agreement” under Section I of this announcement |
| “Independent Board Committee” | a committee of the Board comprising all independent non-executive Directors established for the purpose of considering the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Equipment Leasing Agreement, the Proposed Chemical Projects Entrusted Management Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement and the Proposed Bulk Commodities Mutual Supply Agreement and their respective proposed annual caps as set out in this announcement |
| “Independent Shareholder(s)” | Shareholder(s) (other than Yankuang Group and its associates) who are not required to abstain from voting on the resolutions to be proposed at the EGM regarding the Proposed Continuing Connected Transaction Agreements |
| “Ordos Neng Hua” | Yanzhou Coal Ordos Neng Hua Company Limited* (兗州煤業鄂爾多斯能化有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company |
| “percentage ratios” | has the same meaning ascribed thereto under the Hong Kong Listing Rules |
| “PRC” | the People’s Republic of China |
| “Proposed Bulk Commodities Sale and Purchase Agreement” | the bulk commodities sale and purchases agreement entered into between the Company and Yankuang Group on 27 November 2017 |
| “Proposed Bulk Commodities Mutual Supply Agreement” | the bulk commodities mutual supply agreement entered into between the Company and Century Ruifeng on 27 November 2017 |
| “Proposed Chemical Projects Entrusted Management Agreement” | the chemical projects entrusted management agreement entered into between the Company and Yankuang Group on 27 November 2017 |
| “Proposed Continuing Connected Transactions” | the proposed transactions under the Proposed Continuing Connected Transaction Agreements |

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| “Proposed Continuing Connected Transaction Agreements” | the Proposed Mutual Provision of Labour and Services Agreement, the Proposed Provision of Insurance Fund Administrative Services Agreement, the Proposed Provision of Materials Supply Agreement, the Proposed Provision of Products, Materials and Equipment Leasing Agreement, the Proposed Chemical Projects Entrusted Management Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement and the Proposed Bulk Commodities Mutual Supply Agreement |
| “Proposed Provision of Insurance Fund Administrative Services Agreement” | the provision of insurance fund administrative services agreement entered into between the Company and Yankuang Group on 27 November 2017 |
| “Proposed Mutual Provision of Labour and Services Agreement” | the mutual provision of labour and services agreement entered into between the Company and Yankuang Group on 27 November 2017 |
| “Proposed Provision of Materials Supply Agreement” | the provision of materials supply agreement entered into between the Company and Yankuang Group on 27 November 2017 |
| “Proposed Provision of Products, Materials and Equipment Leasing Agreement” | the provision of products, materials and equipment leasing agreement entered into between the Company and Yankuang Group on 27 November 2017 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shangqi Capital” | Shangqi Capital Management Co., Ltd.* (上期資本管理有限公司), a limited liability company incorporated in the PRC and a holding subsidiary of Yankuang Group |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Standard Sales Price” | has the meaning ascribed thereto under the paragraph headed “The Proposed Chemical Projects Entrusted Management Agreement” under Section I of this announcement |
| “subsidiary(ies)” | has the meaning ascribed thereto under the Hong Kong Listing Rules |
| “Target Company(ies)” | has the meaning ascribed thereto under the paragraph named “The Proposed Chemical Projects Entrusted Management Agreement” under Section I of this announcement |
| “Wanfu Coal Mine” | a coal mine located in the southwest of Shandong Province, owned to Yanmei Heze Neng Hua Co., Ltd.* (兗煤荷澤能化有限公司), a subsidiary of the Company. |
| “Yancoal Blue Sky” | Yancoal Blue Sky Clean Energy Co. Ltd (兗煤藍天清潔能源有限公司), a Sino-foreign equity joint venture established under the laws of the PRC and a 51% owned subsidiary of the Company |

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| “Yancoal Mining Construction ” | Yancoal Mining Construction Co. Ltd.* (兗煤礦業工程有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company |
| “Yankuang Group” | Yankuang Group Corporation Limited* (兗礦集團有限公司), a wholly State-owned corporation and the controlling shareholder directly and indirectly holding approximately 56.59% of the total issued share capital of the Company as at the date of this announcement |
| “Yankuang Security” | Shandong Yankuang Security Service Co., Ltd.* (山東兗礦保安服務有限公司), a limited liability company incorporated in the PRC |
| “Yankuang Chemical” | Yankuang Chemical Industry Co., Ltd.* (兗礦化工有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Yankuang Group |
| “Yankuang Technology” | Yankuang Technology Co. Ltd* (兗礦科技有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Yankuang Group |
| “Yulin Neng Hua” | Yanzhou Coal Yulin Neng Hua Company Limited* (兗州煤業榆林能化有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company |
| “Zhongyin International Trade” | Shandong Zhongyin International Trade Co., Ltd.* (山東中垠國際貿易有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company |
| “Zhongyin Ruifeng” | Qingdao Zhongyin Ruifeng International Trade Co., Ltd.* (青島中垠瑞豐國際貿易有限公司), a limited liability company incorporated in the PRC and a 51% owned subsidiary of the Company |
| “%” | percentage |

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

Zoucheng, Shandong Province, the PRC
27 November 2017

As at the date of this announcement, the Directors 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 are Mr. Kong Xiangguo, Mr. Cai Chang, Mr. Poon Chiu Kwok and Mr. Qi Anbang.

* For identification purposes only