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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: 01171)

ANNOUNCEMENT ON NON-PROCEEDING OF NON-PUBLIC ISSUANCE OF A SHARES

This announcement is made pursuant to the disclosure obligations under 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.

Reference is made to the announcement of Yanzhou Coal Mining Company Limited (“**Yanzhou Coal**” or the “**Company**”) dated 16 June 2016, the announcement of the Company dated 19 August 2016 and the circular of the Company dated 25 July 2016 (the “**Circular**”). Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular. At the twenty-seventh meeting of the sixth session of the board of directors of the Company held on 30 December 2016, the resolution on the “Proposal in relation to non-proceeding of the Company's non-public issuance of A Shares” (the “**Proposal**”) was considered and passed by the Company.

Relevant matters are hereby announced as follows:

1. General Information of the Non-Public Issuance of Shares

At the twenty-second meeting of the sixth session of the board of directors of the Company held on 16 June 2016, the resolution on the “Proposal in relation to the non-public issuance of shares by the Company to specific target investors” and other resolutions related to the non-public issuance of A Shares were considered and passed, and at the first extraordinary general meeting of 2016 held on 19 August 2016 and the second class meetings of the holders of A shares and H shares of the abovementioned resolutions in relation to the non-public issuance of A shares were considered and approved (the “**Non-Public Issuance**”).

The amount of A shares issued under the Non-Public Issuance did not exceed 538,000,000 A shares (inclusive) and raised proceeds not exceeding RMB6,000,000,000 (inclusive), the net value of the raised proceeds after deduction of issue expenses was proposed to be invested in the following projects:

Unit: RMB'000

No.	Name of Project	Total Investment	Amount of proceeds intended to be used in the project
1	Acquisition of 52% equity interests in Jiutai Energy	1,840,240.00	1,800,000.00
2	Increase in the registered capital of Zhongyin Leasing	5,000,000.00	2,400,000.00
3	Repayment of bank loans	-	1,800,000.00
Total		-	6,000,000.00

2. Reasons for the non-proceeding of the Non-Public Issuance by the Company

Since the announcement of the proposal for the Non-Public Issuance, the board of directors, management and intermediaries have actively pushed forward the various matters relating to the Non-Public Issuance. In light of the changes that have occurred in China's capital markets environment and the Company's business environment since the announcement of the proposal for the Non-Public Issuance, currently the Company has yet to submit the relevant documentation of the Non-Public Issuance to the China Securities Regulatory Commission, nor has the Company signed any subscription documentation for the Non-Public Issuance with any special target investors.

To protect the interests of broader investors, the Company, having taken into account the external financial environment, its internal productive and operational needs, the actual development of the projects in which proceeds of the Non-Public Issuance were intended to be invested, future strategies for development and various other factors, proposes to not to proceed with the Non-Public Issuance.

3. Procedures for consideration and approval of the non-proceeding of the Non-Public Issuance of the Company

At the twenty-seventh meeting of the sixth session of the board of directors of the Company held on 30 December 2016, the resolution on the Proposal was considered and passed by the board of directors, it was agreed that it would be submitted for approval by the shareholders in a shareholders' general meeting, and the Company's independent directors gave their independent opinion on the non-proceeding of the Non-Public Issuance. The Company will, within 2 trading days from the date of this announcement, hold an investor briefing session regarding the non-proceeding of the Non-Public Issuance on The Shanghai Stock Exchange online platform. The Company undertakes not to contemplate the non-public issuance of A shares for one month following this board resolution announcement, at the same time submitting for approval by the shareholders in a shareholders' general meeting the non-proceeding of the Non-Public Issuance and fully authorising the board of directors to process all matters relating to the non-proceeding of the Non-Public Issuance.

4. Impact of the non-proceeding of the Non-Public Issuance on the Company

The non-proceeding of the Non-Public Issuance is a prudent decision taken as a result of the actual situation of the capital markets environment and the taking into account of internal productive and operational needs, the actual development of the projects in which proceeds of the Non-Public Issuance were intended to be invested, future strategies for development and various other factors. The non-proceeding of the Non-Public Issuance by the Company will not affect the normal production and operations of the Company, nor will it present a situation that will harm the interests of the Company's shareholders, in particular the interests of its minority shareholders. The Company will continue to invest funds from self-owned funds and funds raised from other means of financing in the relevant projects, to ensure their businesses are successfully promoted.

5. Documents for Inspection

Resolutions Passed at the Twenty-Seventh Meeting of the Sixth Session of the Board of Directors of Yanzhou Coal Mining Company Limited

Independent Opinion of the Independent Directors on the Matter Relating to the Non-Proceeding of the Non-Public Issuance of the A Shares

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

Zoucheng City, Shandong Province, the PRC
30 December 2016

As at the date of this announcement, the Directors of the Company are Mr. Li Xiyong, Mr. Li Wei, Mr. Wu Xiangqian, Mr. Wu Yuxiang, Mr. Zhao Qingchun, Mr. Guo Dechun and Mr. Guo Jun, and the independent non-executive Directors of the Company are Mr. Wang Lijie, Mr. Jia Shaohua, Mr. Wang Xiaojun and Mr. Qi Anbang.