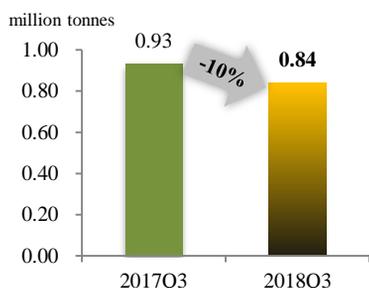




2018  
Q3

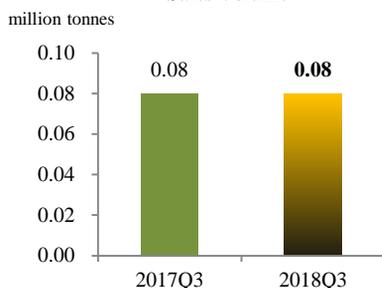
### Operation Data for 2018 Q3

**Raw Coking Coal Production Volume**

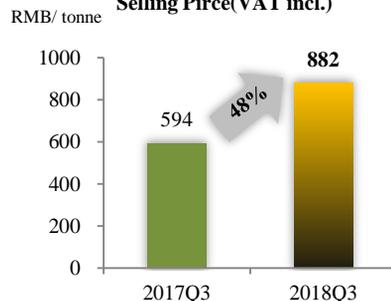


Note: Changing working face work in Zhaiyadi Coal Mine had been completed in 2018Q3

**Raw Coking Coal Sales Volume**

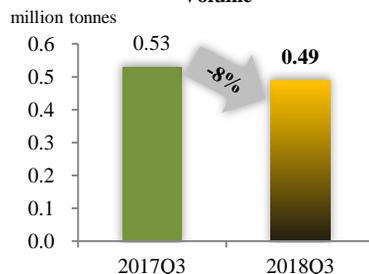


**Raw Coking Coal Average Selling Price (VAT incl.)**

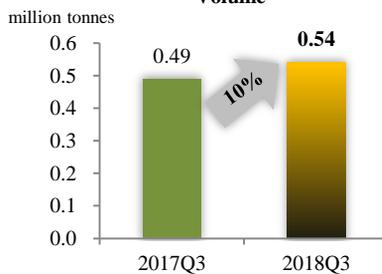


Note: 4# raw coking coal dominated in terms of raw coking coal sales volume in 2018Q3 whereas 9# raw coking coal did in 2017Q3 in this regard

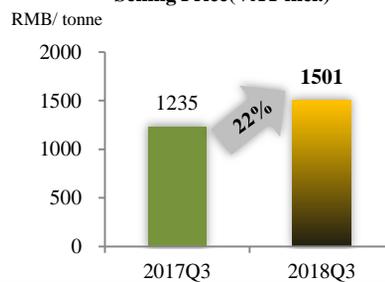
**Clean Coking Coal Production Volume**



**Clean Coking Coal Sales Volume**

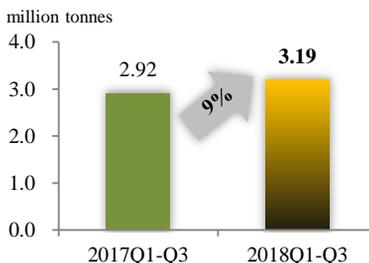


**Clean Coking Coal Average Selling Price (VAT incl.)**

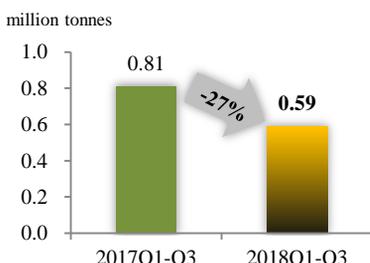


### Operation Data for 2018 Q1-Q3

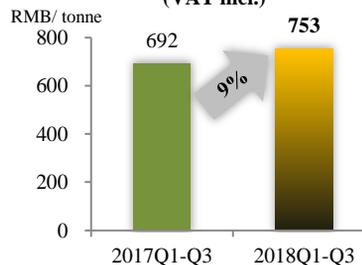
**Raw Coking Coal Production Volume**



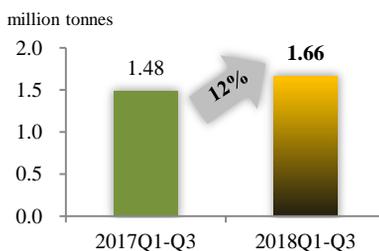
**Raw Coking Coal Sales Volume**



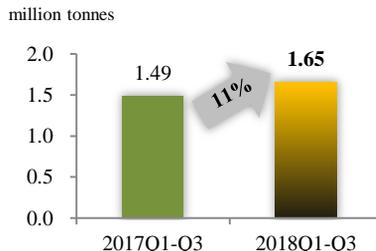
**Raw Coking Coal Average Selling Price (VAT incl.)**



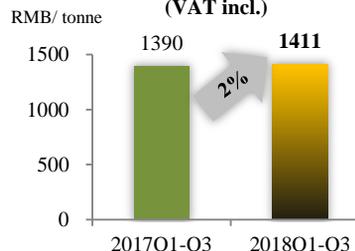
**Clean Coking Coal Production Volume**



**Clean Coking Coal Sales Volume**



**Clean Coking Coal Average Selling Price (VAT incl.)**



# Q1-Q3 Sector Overview

## Macroeconomic Data:

From January to September, 2018, GDP of China increased by 6.7% YOY, PPI increased by 4.0% YOY, Investment in Fixed Assets (peasants excluded) increased by 5.4% YOY, Investment in Infrastructure Construction increased by 3.3% YOY, Investment in Real Estate Development of China increased by 9.9% YOY.

## Steel Sector:

From January to September, 2018, national crude steel production was approximately 700 million tonnes, YOY increased by 6.1%; national pig iron production was approximately 580 million tonnes, YOY increased by 1.2%; National capacity utilization rate of steel industry was 78.1%, YOY increased by 2.7 percentage points.

## Coal Sector:

From January to September, 2018, national coal production was approximately 2,595 million tonnes, YOY increased by 5.1%, national coking coal import was approximately 50.33 million tonnes, YOY decreased by 4.3%.

( Source: National Bureau of Statistics of P.R.China, SXcoal)

## Outlook:

Supply-side structural reform in coal industry has been running orderly since 2016, and as of July 2018, total phased-out coal capacity amounted to approximately 80 million tonnes, representing over 50% of annual phasing-out coal capacity target which was 150 million tonnes has been fulfilled; meanwhile, as the heating season is around the corner, restricting production policy would be fairly enhanced in major steel and coal producing areas due to environmental protection reasons. In addition, during 2018H2, local government speeds up in issuing local government bond to stimulate the investment in infrastructure industry, which is expected to embrace rapid development in 2018Q4, and therefore demand for steel would increase under such circumstances, and coking coal price is anticipated to stabilize at a comparatively high level.

## Disclaimer

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