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5 October 2022

# ASX Release:

## HKEx - Continuing Connected Transaction

Authorised for lodgement by Laura Zhang, Company Secretary

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Additional information about the company can be found at [www.yancoal.com.au](http://www.yancoal.com.au)

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**Yancoal Australia Ltd**  
**ACN 111 859 119**

**兗煤澳大利亞有限公司\***

*(Incorporated in Victoria, Australia with limited liability)*

(Hong Kong stock code: 3668)

(Australian stock code: YAL)

## **CONTINUING CONNECTED TRANSACTIONS**

### **REVISION OF ANNUAL CAPS FOR THE 2021 YIT FRAMEWORK AGREEMENT FOR COAL SALES**

Reference is also made to the announcement (the “**YIT Framework Agreement Announcement**”) issued by Yancoal Australia Ltd (the “**Company**”) on 19 November 2020 in relation to, among other things, the continuing connected transactions under the 2021 YIT Framework Agreement for Coal Sales, pursuant to which the Group agreed to sell coal to YIT and/or its associates (excluding Yankuang Energy Group Co., Ltd (**Yankuang**) and its subsidiaries (the **Yankuang Group**)) during the three years ending 31 December 2023. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the YIT Framework Agreement Announcement.

As disclosed in the YIT Framework Agreement Announcement, the maximum annual transaction amount to be received by the Group from YIT and/or its associates (excluding the Yankuang Group) pursuant to the 2021 YIT Framework Agreement for Coal Sales for the two years ending 31 December 2022 and 2023 will not exceed US\$87.5 million and US\$87.5 million, respectively.

In view of the recent historical record-breaking increases in coal prices globally, the Company estimates that the annual caps previously set out in the YIT Framework Agreement Announcement will not be sufficient. Accordingly, on 5 October 2022, the Company revised the annual caps for the transactions under the YIT Framework Agreement for Coal Sales for the two years ending 31 December 2022 and 2023 to US\$155 million and US\$155 million respectively. The terms of the 2021 YIT Framework Agreement for Coal Sales remain unchanged and the major terms of the 2021 YIT Framework Agreement for Coal Sales were set out in the YIT Framework Agreement Announcement.

The revised annual caps have been determined with reference to (i) the historical transaction amounts; (ii) the expected spot demand for coal from YIT and/or its associates (excluding the

*\*For identification purposes only*

Yankuang Group) and (iii) the estimated sale price of the coal the Company typically charges taking into consideration the recent increases in energy prices globally.

### **Directors' Confirmation**

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2021 YIT Framework Agreement for Coal Sales (including the revised annual caps) are fair and reasonable, the transactions are in the ordinary and usual course of business of the Group, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

Mr. Baocai Zhang and Mr. Xiangqian Wu declared that they hold certain positions in Shandong Energy Group Co., Ltd (**Shandong Energy**). Accordingly, Mr. Baocai Zhang and Mr. Xiangqian Wu abstained from voting on the relevant resolutions of the Board in respect of the revised annual caps under the 2021 YIT Framework Agreement for Coal Sales and the transactions contemplated thereunder.

### **Listing Rules Implications**

As at the date of this announcement, YIT is a wholly-owned subsidiary of Shandong Energy, the controlling shareholder of Yankuang. Yankuang is a controlling shareholder of the Company, holding approximately 62.26% of the total issued shares of the Company. Accordingly, YIT is a connected person of the Company by virtue of being an associate of Yankuang and the transactions contemplated under the 2021 YIT Framework Agreement for Coal Sales constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As disclosed in the YIT Framework Agreement Announcement, since the Coal Sales Transactions (including the 2021 Yanzhou Framework Agreement for Coal Sales and the 2021 YIT Framework Agreement for Coal Sales) were entered into by the Company with parties who are connected with one another, such transactions are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the aggregate annual caps for the continuing connected transactions contemplated under the Coal Sales Transactions is more than 0.1% but less than 5%, the revision of the annual caps for the transactions under the 2021 YIT Framework Agreement for Coal Sales is only subject to the reporting, announcement and annual review requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **Information in relation to the Company and YIT**

The Company's principal business activity is the production of thermal and metallurgical coal for use in the power generation and steel industries in Asian markets. The shares of the Company have been listed on the ASX and the Stock Exchange since 2012 and 2018, respectively.

YIT is principally engaged in the business of sales of coal and coal chemicals in the People's Republic of China. As at the date of this announcement, YIT is a wholly owned subsidiary of Shandong Energy, the controlling shareholder of Yankuang, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively.

*By order of the Board*  
**Yancoal Australia Ltd**  
**Baocai ZHANG**  
Chairman

Hong Kong, 5 October 2022

*As of the date of this announcement, the executive Director is Mr. Ning Zhang, the non-executive Directors are Mr. Baocai Zhang, Mr. Xiangqian Wu, Mr. Yaomeng Xiao, Mr. Qingchun Zhao and Mr. Xing Feng and the independent non-executive Directors are Mr. Gregory James Fletcher, Dr. Geoffrey William Raby and Ms. Helen Jane Gillies.*