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# ASX Release:

## HKEX - Renewal of continuing connected and related party transactions

Authorised for lodgement by the Board of Yancoal Australia

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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)

**RENEWAL OF CONTINUING CONNECTED AND  
RELATED PARTY TRANSACTIONS  
IN RELATION TO THE COAL SALES TRANSACTIONS**

**THE COAL SALES TRANSACTIONS**

On 14 September 2023, the Company entered into (1) the 2023 Yankuang Energy Framework Agreement For Coal Sales with Yankuang Energy Group Co. Limited (**Yankuang Energy**), pursuant to which the Yancoal Group agreed to continue to sell coal to Yankuang Energy and/or their subsidiaries (excluding the Yancoal Group) and (2) the 2023 YIT Framework Agreement For Coal Sales with Yancoal International Trading Co., Ltd (**YIT**), pursuant to which the Yancoal Group agreed to continue to sell coal to YIT and/or its associates (excluding the Yankuang Energy Group), in each case for the period from 1 November 2023 to 31 October 2026. These framework agreements renew the framework agreements for coal sales entered into by the Company with Yankuang Energy and YIT on 19 November 2020.

The framework agreements set out the framework for how the coal sales transactions between the parties will be conducted and provide that such transactions must be (i) in the ordinary and usual course of business of the Yancoal Group, (ii) on an arm's length basis, (iii) on normal commercial terms or better, and (iv) in compliance with, among other things, the Hong Kong listing Rules and applicable laws. The terms of the actual coal sales transactions will be set out in separate agreements to be entered into by the parties.

Pursuant to the requirements of the Hong Kong Listing Rules, the framework agreements will be subject to independent shareholders' approval at the extraordinary general meeting of the Company (**EGM**).

**PROPOSED COAL SALES AGREEMENTS, THE ASX LISTING RULES AND  
INDEPENDENT EXPERT'S REPORT**

Pursuant to the 2023 Yankuang Energy Framework Agreement for Coal Sales and the 2023 YIT Framework Agreement for Coal Sales, the Company proposes to enter into the Proposed Coal Sales Agreements with three trading companies associated with Yankuang

*\*For identification purposes only*

Energy and Shandong Energy Group Co., Ltd (**Shandong Energy**), being YIT, Yankuang Lucky International Company Limited (**YLIL**) and Shandong Energy (Hainan) Intelligent International Technology Co., Ltd (**HIIL**), respectively. Pursuant to Listing Rule 10.1 of the ASX Listing Rules, the Proposed Coal Sales Agreements will be subject to independent shareholders' approval at the EGM. Details of the Proposed Coal Sales Agreements as required under ASX Listing Rules) will be set out in the circular for the EGM.

The ASX Listing Rules require that the Notice of Meeting includes an independent expert's report that sets out whether the Proposed Coal Sales Agreements are fair and reasonable to the Shareholders whose votes in favour of the Proposed Coal Sale Agreements are not to be disregarded (**Independent Shareholders**). The Company has appointed Lonergan Edwards & Associates Limited as the Independent Expert to prepare the independent expert's report (the **Independent Expert Report**) providing an opinion as to whether the Proposed Coal Sale Agreements are fair and reasonable to the Independent Shareholders, which will be set out in the circular for the EGM.

### **HONG KONG LISTING RULES IMPLICATIONS**

As at the date of this announcement, Yankuang Energy is a controlling shareholder of the Company, holding approximately 62.26% of the total issued shares of the Company. Accordingly, Yankuang Energy is a connected person of the Company and the transactions contemplated under the 2023 Yankuang Energy Framework Agreement For Coal Sales constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As at the date of this announcement, YIT is a wholly-owned subsidiary of Shandong Energy, the controlling shareholder of Yankuang Energy. Accordingly, YIT is a connected person of the Company by virtue of being an associate of Yankuang Energy and the transactions contemplated under the 2023 YIT Framework Agreement For Coal Sales constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the Coal Sales Transactions will be entered into by the Company with parties who are connected with one another, the Coal Sales Transactions are required to be aggregated pursuant to Rule 14A.81 of the Hong Kong 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 5%, such continuing connected transactions will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### **GENERAL INFORMATION**

An Independent Board Committee (**IBC**) has been established to consider and advise the Independent Shareholders on the terms of the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps). Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the IBC and the Independent Shareholders, in each case, on the terms of the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps).

## A. INTRODUCTION

On 14 September 2023, the Company entered into (1) the 2023 Yankuang Energy Framework Agreement For Coal Sales with Yankuang Energy, pursuant to which the Yancoal Group agreed to continue to sell coal to Yankuang Energy and/or their subsidiaries (excluding the Yancoal Group) and (2) the 2023 YIT Framework Agreement For Coal Sales with YIT, pursuant to which the Yancoal Group agreed to continue to sell coal to YIT and/or its associates (excluding the Yankuang Energy Group), in each case for the period from 1 November 2023 to 31 October 2026.

These framework agreements renew the previous framework agreements for coal sales entered into by the Company on 19 November 2020, being:

- the framework agreement with Yankuang Energy for the sale of coal to Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) for a three-year period commencing 1 January 2021 and ending 31 December 2023; and
- the framework agreement with YIT for the sale of coal to YIT and/or its associates (excluding the Yankuang Energy Group) for a three-year period commencing 1 January 2021 and ending 31 December 2023,

(together, the “**Current Framework Agreements**”).

As a result of China re-commencing imports of Australian coal from February 2023, the Company has increased coal sales to YIT in 2023. In view of the increased coal sales coupled with the relatively high market price of coal in 2023, the Company expects to exceed the annual cap for coal sale transactions with YIT under the 2021 YIT Framework Agreement before the end of October 2023. Accordingly, the Company has entered into the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement for Coal Sales, which will each be effective from 1 November 2023 to 31 October 2026, and the Current Framework Agreements will terminate with effect from 1 November 2023.

## B. MATERIAL TERMS OF THE 2023 YANKUANG ENERGY FRAMEWORK AGREEMENT FOR COAL SALES

### (a) Subject Matter

The 2023 Yankuang Energy Framework Agreement For Coal Sales sets out the framework for how the coal sales transactions between the parties will be conducted and provides that all transactions in relation to the sale of coal by the Yancoal Group to Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) must be (i) in the ordinary and usual course of business of the Yancoal Group, (ii) on an arm’s length basis, (iii) on normal commercial terms or better, and (iv) in compliance with, among other things, the Hong Kong listing Rules and applicable laws (which includes the ASX Listing Rules). The terms of the actual coal sales transactions will be set out in separate agreements to be entered into by the parties.

The 2023 Yankuang Energy Framework Agreement For Coal Sales will become effective after and subject to the Company obtaining the approval of the Independent Shareholders for the transactions contemplated under the agreement (including the annual caps in respect of such transactions) and the receipt of all regulatory and corporate approvals required by Yankuang Energy for entering into the agreement.

**(b) Term and Termination**

The 2023 Yankuang Energy Framework Agreement For Coal Sales shall commence on 1 November 2023 and shall continue up to and including 31 October 2026 (the “**Yankuang Energy Initial Term**”), unless terminated earlier according to the agreement. Subject to compliance with the applicable requirements of the Hong Kong Listing Rules and the ASX Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the Yankuang Energy Initial Term or subsequent renewal term, the 2023 Yankuang Energy Framework Agreement For Coal Sales is automatically renewed for a successive period of three years thereafter (or such other period permitted under the Hong Kong Listing Rules and the ASX Listing Rules). Any renewal of the 2023 Yankuang Energy Framework Agreement For Coal Sales is subject to compliance with the then relevant requirements of the laws, rules and regulations to which either of the Company and Yankuang Energy is subject to.

**(c) Basis of Consideration**

Considering the nature of coal, the sale price will be determined with reference to (i) industry index prices, being McCloskey API 5 Index (“**API5**”), which is an internationally recognised, US dollar currency index representing sales and offers from Newcastle for 5500 kcal/kg NAR coal on a Free On Board basis and which is well-recognised as the basis for pricing coal for sales into China, (ii) coal quality characteristics, and (iii) market alternatives to optimise value to the Company. The management team will consider at least two comparable deals with independent third parties for the same period when determining the reasonable consideration of any coal sales transaction under the 2023 Yankuang Energy Framework Agreement For Coal Sales.

**(d) Historical Amounts**

The aggregate annual transaction amounts received by the Yancoal Group from Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) for the sale of coal for the three years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023 were approximately US\$53.2 million, nil, nil and nil, respectively.

There were no coal sale transactions since 1 January 2021 due to (a) restrictions placed on China’s imports of coal sourced from Australia from late 2020 to early 2023, and (b) the majority of coal sales in the past few years having been predominately made between the Company and YIT and/or its associates pursuant to the 2021 YIT Framework Agreement following the restructuring of Yankuang Energy Group and Shandong Energy Group on 27 March 2020, whereby ownership of YIT was transferred from Yankuang Energy Group to Shandong Energy Group. Following such restructuring, Yankuang Energy and Shandong Energy commercially decided to purchase coal from the Company through YIT pursuant to the 2021 YIT Framework Agreement. As a result, there were no coal sale transactions between the Company and Yankuang Energy Group from 1 January 2021 to 30 June 2023.

**C. MATERIAL TERMS OF THE 2023 YIT FRAMEWORK AGREEMENT FOR COAL SALES**

**(a) Subject Matter**

The 2023 YIT Framework Agreement For Coal Sales sets out the framework for how the coal sales transactions between the parties will be conducted and provides that all transactions in relation to the sale of coal by the Yancoal Group to YIT and/or its associates (excluding the Yankuang Energy Group) must be (i) in the ordinary and usual course of business of the Yancoal Group, (ii) on an arm’s length basis, (iii) on normal

commercial terms or better, and (iv) in compliance with, among other things, the Hong Kong listing Rules and applicable laws (which includes the ASX Listing Rules). The terms of the actual coal sales transactions will be set out in separate agreements to be entered into by the parties.

The 2023 YIT Framework Agreement For Coal Sales will become effective after and subject to the Company obtaining the approval of the independent Shareholders for the transactions contemplated under the agreement (including the annual caps in respect of such transactions) and receipt of all regulatory and corporate approvals required by Yankuang Energy for entering into the agreement.

**(b) Term and Termination**

The 2023 YIT Framework Agreement For Coal Sales shall commence on 1 November 2023 and shall continue up to and including 31 October 2026 (the “**YIT Initial Term**”), unless terminated earlier according to the agreement. Subject to compliance with the applicable requirements of the Hong Kong Listing Rules and the ASX Listing Rules or, alternatively, any waivers obtained from strict compliance with such requirements, upon expiration of the YIT Initial Term or subsequent renewal term, the 2023 YIT Framework Agreement For Coal Sales is automatically renewed for a successive period of three years thereafter (or such other period permitted under the Hong Kong Listing Rules and the ASX Listing Rules). Any renewal of the 2023 YIT Framework Agreement For Coal Sales is subject to compliance with the then relevant requirements of the laws, rules and regulations to which either of the Company and Yankuang Energy is subject to.

**(c) Basis of Consideration**

Considering the nature of coal, the sale price will be determined with reference to (i) industry index prices, being API5, details of which are set out above, (ii) coal quality characteristics, and (iii) market alternatives to optimise value to the Company. The management team will consider at least two comparable deals with independent third parties for the same period when determining the reasonable consideration of any coal sales transaction under the 2023 YIT Framework Agreement For Coal Sales.

**(d) Historical Amounts**

The aggregate annual transaction amounts received by the Yancoal Group from YIT and/or its associates (excluding the Yankuang Energy Group) for the sale of coal for the three years ended 31 December 2020, 2021, 2022 and the six months ended 30 June 2023 were approximately US\$13.7 million, US\$49.3 million, US\$123.0 million and US\$139.1 million, respectively.

Notwithstanding China’s ban on imports of coal sourced from Australia (which imports subsequently resumed in February 2023), there was a significant increase in coal sales transactions between the Yancoal Group and YIT and/or its associates in the past few years because YIT was able to purchase coal from the Company for sale to buyers in South East Asia. Whilst the volume of coal sold to YIT has remained relatively stable (noting that the coal quality sold to YIT varied shipment to shipment and period to period), the aggregate dollar amount of the coal sales transactions to YIT has increased significantly in the past three years as a result of significant increases in the market price of coal. For the following 12 month periods, being 4 September 2020 to 27 August 2021<sup>1</sup>,

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<sup>1</sup> The API5 Price Index reports are published weekly every Friday, accordingly, this period has been set using the first Friday of September 2020 and the last Friday of August 2021.

3 September 2021 to 26 August 2022<sup>2</sup>, and 2 September 2022 to 25 August 2023<sup>3</sup>, the average market price of coal based on the AP15 Price Index was US\$59.03, US\$162.52 and US\$123.63 per tonne, respectively.

#### **D. AGGREGATE ANNUAL CAPS FOR THE 2023 YANKUANG ENERGY FRAMEWORK AGREEMENT FOR COAL SALES AND THE 2023 YIT FRAMEWORK AGREEMENT FOR COAL SALES**

The maximum annual transaction amount to be received by the Yancoal Group from Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) for the two months from 1 November 2023 to 31 December 2023, the two years ending 31 December 2024 and 2025 and the ten months from 1 January 2026 to 31 October 2026 will not exceed US\$66.7 million, US\$300.0 million, US\$300.0 million and US\$233.3 million, respectively.

The maximum annual transaction amount to be received by the Yancoal Group from YIT and/or its associates (excluding the Yankuang Energy Group) for the two months from 1 November 2023 to 31 December 2023, the two years ending 31 December 2024 and 2025 and the ten months from 1 January 2026 to 31 October 2026 will not exceed US\$133.4 million, US\$600.0 million, US\$600.0 million and US\$466.6 million, respectively.

The annual caps set out above were determined primarily with reference to the following: (i) taking into consideration the business requirements of Yankuang Energy and YIT, and the current and last year review of market pricing for quality of coal to be supplied, the Company expects to maintain such sales volume in future years pursuant to the respective Proposed Coal Sales Agreements, (ii) whilst there were no sales transactions between Yancoal Group and Yankuang Group since January 2021, YLIL (a subsidiary of Yankuang Energy) has committed to purchasing 2 million tonnes of coal per annum over a three year period (see "Additional Information Required under ASX Listing Rules" in this circular for further details of the Proposed Coal Sales Agreement with YLIL), (iii) the expected additional spot demand for coal from Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) and YIT and/or its associates (excluding the Yankuang Energy Group) over the next three years and (iv) the estimated sale price for the coal the Company typically charges.

#### **E. PROPOSED COAL SALES AGREEMENTS AND INDEPENDENT EXPERT'S REPORT**

Pursuant to the 2023 Yankuang Energy Framework Agreement for Coal Sales and the 2023 YIT Framework Agreement for Coal Sales, the Company proposes to enter into the Proposed Coal Sales Agreements with three trading companies associated with Yankuang Energy and its controlling shareholder Shandong Energy, being YIT, YLIL and HIL, respectively, among which (i) the coal sales transactions with YLIL for the proposed volume of 2 million tonnes per annum will be made pursuant to the 2023 Yankuang Energy Framework Agreement for Coal Sales and (ii) the coal sales transactions with YIT and HIL for the proposed volume of 2 million tonnes per annum each (i.e. a total of 4 million tonnes per annum) will be made pursuant to the 2023 YIT Framework Agreement for Coal Sales.

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<sup>2</sup> The API5 Price Index reports are published weekly every Friday, accordingly, this period has been set using the first Friday of September 2021 and the last Friday of August 2022.

<sup>3</sup> The API5 Price Index reports are published weekly every Friday, accordingly, this period has been set using the first Friday of September 2022 and the last Friday of August 2023.

The Proposed Coal Sales Agreements will be subject to the approval of the Independent Shareholders at the EGM pursuant to the requirements of the ASX Listing Rules. Details of the Proposed Coal Sales Agreements as required under ASX Listing Rules will be set out in the circular for the EGM.

The ASX Listing Rules require that the circular for the EGM includes an independent expert's report that sets out whether the Proposed Coal Sales Agreements are fair and reasonable to the Independent Shareholders. The Company has appointed Lonergan Edwards & Associates Limited as the Independent Expert to prepare the Independent Expert Report providing an opinion as to whether the Proposed Coal Sale Agreements are fair and reasonable to the Independent Shareholders, which will be set out in the circular for the EGM.

## **F. REASONS FOR, AND BENEFIT OF, THE COAL SALES TRANSACTIONS**

The Company's principal business activity is the production of thermal and metallurgical coal. Yankuang Energy, a controlling shareholder of the Company, is engaged in the business of mining, preparation, processing and sales of coal and coal chemicals. YIT is engaged in the business of sales of coal and coal chemicals. Each of Yankuang Energy and YIT has been a consistent and reliable customer of the Company in the PRC.

The Company believes that through supplying coal to Yankuang Energy (including its subsidiaries but excluding the Yancoal Group and YIT (including its associates but excluding the Yankuang Energy Group) in the Company's ordinary and usual course of business, the Company could benefit from (i) the lift of the trade restriction of importing coal from Australia to China, (ii) a stable offtake of coal from Yankuang Energy and YIT, (iii) the Group's production ability to supply 6 million tonnes per year to Yankuang Energy and YIT, and (iv) entering into the coal sales transactions with Yankuang Energy and YIT as it will enable the Group to have a stable source of coal offtake for FY2024, FY2025 and the 10 months ending 31 October 2026.

## **G. DIRECTORS' CONFIRMATION**

The Directors (other than the independent non-executive Directors, who will provide their opinion after taking into consideration the advice of the Independent Expert and the Independent Financial Adviser, details of which will be set out in the circular for the EGM) are of the view that the terms of the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the relevant annual caps thereunder) and the Proposed Coal Sales Agreements are fair and reasonable. The Coal Sales Transactions are in the ordinary and usual course of business of the Yancoal Group, on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

Mr. Baocai Zhang, Mr. Gang Ru, Mr. Yaomeng Xiao, Mr. Xiaolong Huang declared that they hold certain positions in Yankuang Energy or Shandong Energy. However, the articles of association of the Company does not preclude such Directors from voting. In addition, although the Board has established the Independent Board Committee to perform the duties as set out under "J. General Information – (a) Independent Board Committee" below, which the Independent Board Committee has done, and the Independent Board Committee has also unanimously approved those documents and has unanimously recommended the Independent Shareholders to vote in favour of the resolutions, as is reflected in the Letter from the Independent Board Committee contained in the circular, considering that none of the above Directors (i) receives substantial remuneration or some other benefit from the Coal Sales Transactions, or (ii) is a director of two companies which transact with each other under the Coal Sales



Transactions and receives director's fees from both companies and the remuneration is performance-related in a way which is relevant to the transactions, or (iii) considers that adopting a particular stance on the matter would jeopardise his/her future remuneration or career prospects with his/her employer, the Board is of the view that none of the above Directors has a material interests in the Coal Sales Transactions, and none of them should abstain from voting on the relevant resolutions of the Board. Accordingly, none of the Directors abstained from voting on the relevant resolutions of the Board approving the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the relevant annual caps) and the Proposed Coal Sales Agreements.

## **H. HONG KONG LISTING RULES IMPLICATIONS**

As at the date of this announcement, Yankuang Energy is a controlling shareholder of the Company, holding approximately 62.26% of the total issued Shares. Accordingly, Yankuang Energy is a connected person of the Company and the transactions contemplated under the 2023 Yankuang Energy Framework Agreement For Coal Sales constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As at the date of this announcement, YIT is a wholly-owned subsidiary of Shandong Energy, the controlling shareholder of Yankuang Energy. Accordingly, YIT is a connected person of the Company by virtue of being an associate of Yankuang Energy and the transactions contemplated under the 2023 YIT Framework Agreement For Coal Sales constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the Coal Sales Transactions will be entered into by the Company with parties who are connected with one another, the Coal Sales Transactions are required to be aggregated pursuant to Rule 14A.81 of the Hong Kong Listing Rules. As the highest applicable percentage ratio in respect of the aggregate annual caps for the Coal Sales Transactions is more than 5%, such continuing connected transactions will be subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

## **I. INFORMATION ABOUT THE PARTIES**

### **(i) *The Company***

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 Australian Securities Exchange and the Hong Kong Stock Exchange since 2012 and 2018, respectively.

### **(ii) *Shandong Energy***

Shandong Energy is a controlling shareholder of Yankuang Energy, holding approximately 54.67% of the shares in Yankuang Energy as of the Latest Practicable Date. Shandong Energy is one of the largest coal mining and energy companies in China. Shandong Energy (former Yankuang Group Co., LTD., renamed as Shandong Energy Group Co., Ltd. in April 2021), is a company with limited liability reformed and established under the laws of the PRC in 1996. Shandong Energy is a large state-owned energy enterprise in Shandong Province, China.

Shandong Energy is primarily engaged in mining, high-end chemicals, electric power, new energy and new materials, high-end equipment manufacturing, and modern

logistics and trade. Shandong Energy owns more than 20 second-level subsidiaries, including Yankuang Energy, Xinwen Mining Group and Zaozhuang Mining Group and 10 public companies listed in China and abroad, with a 220,000-strong workforce. Shandong Energy was rated as the 69th on 2022 Global Fortune 500 List, the 23rd on China Top 500 Companies List and the 5th among China Top 500 Energy Companies.

Shandong Energy's annual production capacity of coal in China and abroad totals 340 million tonnes, and its coal output ranks the third in China's coal industry.

**(iii) Yankuang**

Yankuang Energy is principally engaged in the business of mining, preparation, processing and sales of coal and coal chemicals. Yankuang Energy'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. The H Shares and A Shares of Yankuang Energy are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. Shandong Energy is the controlling shareholder of Yankuang Energy.

**(iv) YIT**

YIT was established in 2011 and is principally engaged in the business of sales of coal and coal chemicals in the PRC. As at the date of this announcement, YIT is a wholly owned subsidiary of Shandong Energy.

**(v) HII**

HII was established in September 2018 and is 44.8% owned by Shandong Energy, 43% owned by Hainan Taizhong Group, 10.2% owned Yankuang Energy Group Co., Ltd and 2% owned by China Huaneng Group Fuel Co., Ltd. To the best of the Company's knowledge, information and belief, and having made all reasonable enquiries, Hainan Taizhong Group, China Huaneng Group Fuel Co., Ltd and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

HII's main business models include bulk commodity trading, intelligent trading finance services (i.e., ability to accept RMB) and warehouse logistics. HII has an extensive sales channel in the Southern part of China (i.e., Hainan and surrounding provinces) and provides various services that could not be provided by Yancoal in China.

**(vi) YLIL**

YLIL engages in domestic and international trading and logistics of bulk commodities including iron ore, coal, steel and steel scrap. YLIL has a registered capital of RMB200 million with 51% of its share capital owned by Yankuang Energy and 49% owned by Century Lucky Group Corporation. To the best of the Company's knowledge, information and belief, and having made all reasonable enquiries, Century Lucky Group Corporation and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

In 2022, YLIL traded a total of 12.25 million tonnes of iron ore, 2.38 million tonnes of coal and 4.2 million tonnes of steel (including steel scrap). YLIL has extensive relationships with power plants, general industry customers and steel plants in China.

## **J. GENERAL INFORMATION**

### **(a) Independent Board Committee**

An IBC has been established as required under the Hong Kong Listing Rules and consistent with usual Australian practice and the expectations of Australian regulators. The IBC comprises Mr Gregory Fletcher, Dr Geoffrey Raby and Ms Helen Gillies, all of whom are independent non-executive Directors of the Company under the Hong Kong Listing Rules and under the Corporate Governance Principles and Recommendations (4<sup>th</sup> edition) of the ASX Corporate Governance Council.

The Independent Board Committee has been established by the Board to:

- consider, negotiate and, if thought fit, approve the entry into the 2023 Yankuang Energy Framework Agreement For Coal Sales, the 2023 YIT Energy Framework Agreement For Coal Sales and entry into the Proposed Coal Sales Agreements for consideration by the Independent Shareholders;
- consider and advise the Independent Shareholders on the terms of the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps) and the Proposed Coal Sales Agreements;
- appoint an independent expert (as required by Listing Rule 10.5.10);
- appoint an independent financial adviser (as required by Chapter 14A of the Hong Kong Listing Rules); and
- oversee the preparation of the circular and the Notice of Meeting.

### **(b) Independent Financial Adviser and Independent Expert**

Pursuant to Hong Kong Listing Rules, Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the IBC and the Independent Shareholders, in each case, on the terms of the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps).

Pursuant to ASX Listing Rules, Lonergan Edwards has been appointed as the Independent Expert to provide a report to the Independent Board Committee and the independent Shareholders in respect of the Proposed Coal Sales Agreements.

A circular containing, among other things, details of (i) the 2023 Yankuang Energy Framework Agreement For Coal Sales, the 2023 YIT Framework Agreement For Coal Sales and the Proposed Coal Sales Agreements, (ii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, (iii) the recommendation of the IBC, (v) additional information required by the ASX Listing Rules and (iv) the Independent Expert's Report on the Proposed Coal Sales Agreements, is expected to be despatched to the Shareholders on or about 14 September 2023.

### **(c) Voting at the EGM**

An EGM will be convened for the Independent Shareholders to consider, and if thought fit, to approve the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions

contemplated thereunder and the relevant annual caps) and the Proposed Coal Sales Agreements.

Yankuang Energy, which is interested in an aggregate of approximately 62.26% of the total issued Shares as at the date of this announcement, will abstain from voting on the resolutions to approve the 2023 Yankuang Energy Framework Agreement For Coal Sales, the 2023 YIT Framework Agreement For Coal Sales and the Proposed Coal Sales Agreements at the EGM.

Save for the above, as far as the Directors are aware having made all reasonable enquiries, no other Shareholders are required to abstain from voting on the resolutions to be proposed to approve the 2023 Yankuang Energy Framework Agreement For Coal Sales, the 2023 YIT Framework Agreement For Coal Sales and the Proposed Coal Sales Agreements at the EGM.

**(d) Record Date for the EGM**

The time for determining the voting entitlements of the holders of ordinary securities in the Company at the EGM will be 8.00pm (Sydney, Australian time) on Thursday, 12 October 2023 (being 5.00pm (Hong Kong time)) ("**Record Time**"). Hong Kong Shareholders who wish to attend and vote at the EGM should lodge the transfer documents and relevant share certificates with the Company's registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4.30pm (Hong Kong time) on Thursday, 12 October 2023.

The Corporations Regulations 2001 and the ASX Settlement Operating Rules of Australia require that the time to determine who holds ordinary securities in the Company for the purposes of a meeting of its shareholders may not be more than 48 hours before that meeting. However, in order for the Company to comply with requirements arising from its dual-primary listing on the Australian Securities Exchange and The Stock Exchange of Hong Kong Limited, the stipulated Record Time for the Company's EGM will be set as outlined above, which will fall on the fourth business day before the EGM. This is earlier than what shareholders and investors of the Company in Australia may be accustomed to.

Therefore, to be eligible to attend and vote at the EGM, a Shareholder must be a registered holder of the Company's ordinary securities by no later than the Record Time. If a Shareholder's name is not on the Company's register of members as at the Record Time, that Shareholder will be ineligible to attend and vote at the EGM. All share transfers registered after the Record Time will be disregarded in determining the voting entitlements of holders of ordinary securities in the Company at the EGM.

**K. DEFINITIONS**

Unless the context otherwise requires, the following expressions have the following meanings:

<b>"2023 Yankuang Energy Framework Agreement For Coal Sales"</b>	the 2023 Yankuang Energy framework agreement for coal sales entered into between the Company and Yankuang Energy on 14 September 2023 in relation to the sale of coal by the Yancoal Group to Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group)
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<b>“2023 YIT Framework Agreement For Coal Sales”</b>	the 2023 YIT framework agreement for coal sales entered into between the Company and YIT on 14 September 2023 in relation to the sale of coal by the Yancoal Group to YIT and/or its associates (excluding the Yankuang Energy Group)
<b>“ASX”</b>	the Australian Securities Exchange
<b>“ASX Listing Rules”</b>	the official listing rules of the ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended from time to time, except to the extent of any express written waiver by the ASX
<b>“Board”</b>	the board of Directors
<b>“Coal Sales Transactions”</b>	the coal sales transactions contemplated under the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the Proposed Coal Sales Agreements)
<b>“Company”</b>	Yancoal Australia Ltd, a company incorporated under the laws of Australia with limited liability, whose shares are listed on the ASX and the Hong Kong Stock Exchange
<b>“connected person”</b>	has the meaning ascribed to it under the Hong Kong Listing Rules
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Hong Kong Listing Rules
<b>“Director(s)”</b>	the director(s) of the Company
<b>“EGM”</b>	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider, and if thought fit, to approve the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps) and the Proposed Coal Sales Agreements, or any adjournment thereof
<b>“HII”</b>	Shandong Energy (Hainan) Intelligent International Technology Co., Ltd
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Hong Kong Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time
<b>“Independent Board Committee”</b>	the independent board committee of the Company comprising all of the Independent Non-executive Directors
<b>“Independent Expert”</b>	Lonergan Edwards & Associates Limited

<b>“Independent Financial Adviser”</b>	Opus Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2023 Yankuang Energy Framework Agreement For Coal Sales, 2023 YIT Framework Agreement For Coal Sales and the annual caps
<b>“Independent Shareholders”</b>	the Shareholders whose votes in favour of the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps) and the Proposed Coal Sale Agreements are not to be disregarded
<b>“Notice of Meeting”</b>	the notice of the EGM
<b>“PRC”</b>	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
<b>“Proposed Coal Sales Agreements”</b>	the agreements for the sale of coal entered into between the Company and each of YIT, YLIL and HII, respectively, pursuant to the 2023 Yankuang Energy Framework Agreement For Coal Sales and the 2023 YIT Framework Agreement For Coal Sales
<b>“Shandong Energy”</b>	Shandong Energy Group Company Limited* (山東能源集團有限公司), a company with limited liability reformed and established under the laws of the PRC on 12 March 1996, the controlling shareholder of Yankuang Energy and the ultimate controlling shareholder of the Company
<b>“Shares”</b>	the shares of the Company
<b>“Shareholder(s)”</b>	holder(s) of Share(s)
<b>“subsidiary(ies)”</b>	has the meaning ascribed thereto under the Hong Kong Listing Rules
<b>“Yancoal Group”</b>	the Company and its subsidiaries
<b>“Yankuang Energy”</b>	Yankuang Energy Group Co. Limited* (兗礦能源集團股份有限公司), a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
<b>“Yankuang Energy Group”</b>	Yankuang Energy and its subsidiaries (excluding the Yancoal Group)

“YIT” Yancoal International Trading Co., Ltd. (兗煤國際貿易有限公司), a company limited by shares incorporated under the laws of Hong Kong in 2011

“YLIL” Yankuang Lucky International Company Limited

“%” per cent.

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

Hong Kong, 14 September 2023

*As of the date of this announcement, the executive Director is Mr. Ning Zhang, the non-executive Directors are Mr. Baocai Zhang, Mr. Gang Ru, Mr. Yaomeng Xiao, Mr. Xiaolong Huang and Mr. Changyi Zhang and the independent non-executive Directors are Mr. Gregory James Fletcher, Dr. Geoffrey William Raby and Ms. Helen Jane Gillies.*