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## Merger Proposal update: Hong Kong Stock Exchange approval

Further to Gloucester's previous announcements on the Merger Proposal, Gloucester has received notification from Yanzhou Coal Mining Company Limited (**Yanzhou Coal**) that:

- (a) the Hong Kong Stock Exchange has confirmed that Yanzhou Coal may reduce its shareholding in Yancoal Australia Limited from 100% to 78% and that Yancoal Australia may proceed with its intended separate listing on ASX, pursuant to the Merger Proposal; and
- (b) the Hong Kong Stock Exchange has granted Yanzhou Coal a waiver from certain ancillary requirements that would otherwise apply to the above arrangements, subject to Yanzhou Coal releasing an announcement to the Hong Stock Exchange setting out certain information.

On 11 May 2012, Yanzhou Coal issued an announcement to the Hong Kong Stock Exchange to satisfy that condition. A copy of that announcement accompanies this announcement.

Accordingly, the condition in clause 3.1(i) of the Merger Proposal Deed (which forms Appendix 6 to the Explanatory Booklet dated 27 April 2012) is satisfied.

### For Further Information

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Investor Relations Director

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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)**

### ANNOUNCEMENT

#### **PROPOSED SPIN-OFF AND SEPARATE LISTING OF YANCOAL AUSTRALIA LIMITED ON THE AUSTRALIAN SECURITIES EXCHANGE**

This announcement is made pursuant to Rule 13.09 and Practice Note 15 of the Hong Kong Listing Rules.

The Board is pleased to announce that on 12 March 2012, the Company submitted a spin-off proposal to the Hong Kong Stock Exchange pursuant to Practice Note 15 in relation to the proposed spin-off and separate listing of Yancoal Australia Limited on the ASX pursuant to its merger with Gloucester Coal Ltd, and that the Hong Kong Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off. The Hong Kong Stock Exchange has also granted a waiver to the Company from strict compliance with the requirement to provide assured entitlement to the Shareholders under paragraph 3(f) of Practice Note 15.

Reference is made to the announcement of the Company dated 22 December 2011 in respect of the merger of Yancoal Australia Limited, a wholly owned subsidiary of the Company, and Gloucester Coal Limited. Terms used herein have the same meanings given to them in the announcement.

Following the completion of the Merger, Yancoal Australia will be separately listed on the ASX and the Company's percentage holding in the issued share capital of Yancoal Australia will be reduced from 100% to 78%. Such reduction of the Company's shareholding interest in, and the separate listing of Yancoal Australia constitutes a spin-off of the Company under Practice Note 15 of the Hong Kong Listing Rules ("**Practice Note 15**") and is therefore subject to the approval of the Hong Kong Stock Exchange. The Board is pleased to announce that on 12 March 2012, the Company submitted a spin-off proposal to the Hong Kong Stock Exchange pursuant to Practice Note 15 in relation to the proposed spin-off and separate listing of Yancoal Australia on the ASX pursuant to the Merger (the "**Proposed Spin-off**"), and that the Hong Kong Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

Under paragraph 3(f) of Practice Note 15, the Board is required to give due regard to the interests of the existing shareholders of the Company (the "**Shareholders**") by providing the Shareholders with assured entitlement to Yancoal Australia Shares if the Proposed Spin-off proceeds. After due and careful consideration of the Merger and having taken into account the advice from the Company's PRC counsel, the

Board has resolved not to provide assured entitlement to the Shareholders under the Proposed Spin-off. The Company has applied for, and the Hong Kong Stock Exchange has granted to the Company a waiver from strict compliance with paragraph 3(f) of Practice Note 15, on the condition that the Company makes an announcement with reasons for not providing assured entitlement to the Shareholders. In order to satisfy such condition, the Company sets out below the reasons for not providing assured entitlements:

- the Merger will be implemented by way of a scheme of arrangement of Gloucester whereby Yancoal Australia Shares will be issued and allotted to Gloucester Shareholders in exchange for their Gloucester Shares. Accordingly, the Proposed Spin-off will not involve any public offer of Yancoal Australia Shares;
- under applicable PRC laws and regulations on foreign exchange, any PRC domestic organization or individual seeking to engage in the issuance or trading of foreign negotiable securities or derivatives is required to make appropriate registrations in accordance with State Administration of Foreign Exchange provisions. The Company has been advised by its PRC counsel that the State Administration of Foreign Exchange does not normally accept applications for the aforesaid registration by a domestic organization except specified entities such as Qualified Domestic Institutional Investors or by a domestic individual except for special purposes and gain returns on its investment. Accordingly, holders of A Shares of the Company (“**A Shareholders**”) cannot subscribe for or hold Yancoal Australia Shares directly; and
- further, under the articles of association of the Company, A Shareholders and holders of H Shares (“**H Shareholders**”) have equal rights and rank pari passu with each other in all respects, the Company shall not request A Shareholders to waive their entitlement to assured entitlement (which is a Shareholder’s right) or provide assured entitlement to H Shareholders only.

By order of the board of directors  
**Yanzhou Coal Mining Company Limited**  
**Li Weimin**  
*Chairman of the Board*

Zoucheng, Shandong Province, the PRC  
11 May 2012

*As at the date of this announcement, the Directors are Mr. Li Weimin, Mr. Wang Xin, Mr. Zhang Yingmin, Mr. Shi Xuerang, Mr. Wu Yuxiang, Mr. Zhang Baocai and Mr. Dong Yunqing, and the independent non-executive directors of the Company are Mr. Wang Xianzheng, Mr. Cheng Faguang, Mr. Wang Xiaojun and Mr. Xue Youzhi.*