

6 December 2018

ASX Release:

Yancoal announces completion of Institutional Entitlement Offer and commencement of HK listing

Highlights

- **Institutional Entitlement Offer completed today**
- **HK Listing commenced today**
- **Retail Entitlement Offer scheduled to open on Friday, 7 December 2018**

On Thursday, 29 November 2018, Yancoal Australia Ltd ACN 111 859 119 (ASX: YAL) (**Yancoal** or **Company**) announced a 0.05387 for 1 pro-rata accelerated renounceable entitlement offer of new ordinary shares in Yancoal (**New Shares**) at an offer price of HK\$23.48 per New Share (**Offer Price**) to raise gross proceeds of up to approximately HK\$1.589 billion (**Entitlement Offer**).

As previously announced, the Entitlement Offer comprises:

- (a) an institutional accelerated component to Yanzhou Coal Mining Company Limited (**Yanzhou**), China Shandong Investment Limited (**CSIL**) and Cinda International HGB Investment (UK) Limited (**Cinda**) (together, the **Major Shareholders**) (**Institutional Entitlement Offer**), and
- (b) a retail component to eligible shareholders (**Retail Entitlement Offer**),

and is being undertaken by the Company in connection with the Hong Kong initial public offering of 68,358,100 Shares (including the over-allotment) of the Company's fully paid ordinary shares (**Shares**) at the offer price of HK\$23.48 per Share (which is the same as the Offer Price under the Entitlement Offer) on the Main Board of the Stock Exchange of Hong Kong (**HKEx**) (**Global Offering**).

Completion of Institutional Entitlement Offer

Today, Yancoal announces the completion of the Institutional Entitlement Offer.

Each Major Shareholder chose not to take up their rights in the Institutional Entitlement Offer and to renounce those rights in favour of investors in the Global Offering. The rights of the Major Shareholders related to approximately 87.8% of the total number of rights to subscribe for New Shares under the Entitlement Offer.

The allotment results in respect of the Global Offering was announced on Wednesday, 5 December 2018, raising approximately HK\$1.605 billion at the Offer Price per New Share. The Company's listing on the HKEx commenced earlier today.

Commencement of the Retail Entitlement Offer

The Retail Entitlement Offer is scheduled to open on Friday, 7 December 2018 and close at 5:00pm (Sydney, Australia time) on Tuesday, 18 December 2018. Eligible shareholders will have the opportunity to participate at the same Offer Price of HK\$23.48 per New Share and at the same offer ratio of 0.05387 New Shares for every 1 existing Share as participants in the Institutional Entitlement Offer.

Eligible shareholders wishing to participate in the Retail Entitlement Offer should carefully read the offer booklet in respect of the Retail Entitlement Offer (which includes extracts of the prospectus lodged by the Company with the HKEx) (**Entitlement Offer Booklet**) and accompanying personalised entitlement and acceptance form which are expected to be despatched by Friday, 7 December 2018.

A copy of the Entitlement Offer Booklet is available on the ASX.

Lock-up Arrangements in connection with the Global Offering

(A) Lock-up Arrangements with Controlling Shareholders

Under the Rule 10.07 of the Listing Rules of HKEx (**HK Listing Rules**), following the Global Offering, Yanzhou and Yankuang Group Company Limited (**Yankuang**) are restricted from disposing of shares as follows:

- (a) for the first 6 months following listing on the HKEx, Yanzhou and Yankuang shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Yancoal shares beneficially held by them as at the date of the Yancoal prospectus; and
- (b) for a further period of 6 months (following the expiration of the first 6 month period), Yanzhou and Yankuang shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of any of the Yancoal shares referred to above if immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder of Yancoa (i.e. a less than 30% shareholder),

(Lock-up Rules). For the purposes of the HK Listing Rules, both Yanzhou and Yankuang are the controlling shareholders of Yancoal. The applicable restrictions under Rule 10.07 of the HK Listing Rules are contained in an undertaking given by Yanzhou and Yankuang in favour of Yancoal and HKEx (**Lock-ups**). Copies of the Lock-ups are attached as **Annexure A**.

Importantly, the Lock-ups do not impose any restrictions on voting. Additionally, the Lock-ups allow Yanzhou to accept into a successful takeover bid and allow securities to be transferred or cancelled as part of a merger by scheme of arrangement.

ASIC has granted a modification to section 609 of the Corporations Act (as modified by ASIC Class Order [CO 13/520]) such that:

- (a) Yancoal will not be taken to have a relevant interest in its own securities merely by virtue of the Lock-ups; and
- (b) HKEx will not be taken to have a relevant interest in Yancoal securities merely by virtue of the Lock-ups.

The relief also includes a modification to the substantial holding provisions of the Corporations Act such that Yancoal will be obliged to make substantial holding disclosure under section 671B of the Corporations Act with respect to the Lock-ups on behalf of HKEx, despite the aforementioned modifications. Yancoal will make the requisite substantial holder disclosures to the market as and when required.

A copy of ASIC's relief instrument is attached as **Annexure B**.

(B) Lock-up Arrangements with Cornerstone Investor

As part of the Global Offering, the Company has entered into a cornerstone investment agreement with Shaanxi Coal and Chemical Industry Group Co., Ltd. (the **Cornerstone Investor**) (**Cornerstone Investment Agreement**). The Cornerstone Investor is an independent third party and is not an existing shareholder of the Company. Immediately following the completion of the Global Offering, the Cornerstone Investor will not become a substantial shareholder of the Company (i.e. a 10% or more shareholder).

Pursuant to the Cornerstone Investment Agreement, the Cornerstone Investor has:

- (a) subscribed for 13,338,100 Shares, representing approximately 22.44% of the total number of Shares offered pursuant to the Global Offering or approximately 1.01% of the Company's total issued share capital immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised); and
- (b) agreed that it will not, without the prior written consent of Morgan Stanley Asia Limited, whether directly or indirectly, at any time during the period of six months following the listing date of Yancoal on HKEx, dispose of (as defined in the Cornerstone Investment Agreement) any of these Shares subscribed for by it pursuant to the Cornerstone Investment Agreement and any other securities of the Company which are derived therefrom (the **Relevant Shares**) or any interest in any company or entity holding any of the Relevant Shares.

However, the Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the Cornerstone Investment Agreement, such as:

- (a) a transfer to a wholly-owned subsidiary of such Cornerstone Investor (provided that prior to such transfer, such wholly-owned subsidiary undertakes to be bound by the Cornerstone Investor's obligations under the Cornerstone Investment Agreement and be subject to the restrictions on disposal of Relevant Shares imposed on the Cornerstone Investor);
- (b) accepting a takeover bid that has been made for 100% of the Shares in the Company and in circumstances where at least 50% of the Shares held by non-locked up shareholders have also accepted that takeover bid; or
- (c) having its Shares in the Company acquired by a bidder following a scheme of arrangement in relation to the Company.

Ends

Media contact:

Michael Priebe, Statecraft

T +61 2 8080 0060

Email: michael.priebe@statecraft.com.au

Important Notices

This announcement is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. Yancoal is not licensed to provide financial product advice in respect of New Shares.

Not for distribution or release in the United States

This announcement and any material accompanying it may not be released or distributed in the United States. This announcement and any material accompanying it does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The entitlements, New Shares and additional New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (as amended) (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up by persons in the United States and the New Shares (or additional New Shares, as the case may be) may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction of the United States. The New Shares and additional New Shares to be offered and sold to Eligible Shareholders will only be sold in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S thereunder.

Annexure A: Lock-ups

21 November 2018
2018 年 11 月 21 日

To: The Stock Exchange of Hong Kong Limited
The Listing Division
12/F Two Exchange Square
8 Connaught Place, Central
Hong Kong

**Attention: Ms. Lin Shi / Ms. Miranda Mak /
Ms. Gloria Chan / Mr. Kelvin Lee /
Ms. Catherine Chan / Mr. Anthony Pun**

致: 香港聯合交易所有限公司
上市科
香港中環康樂廣場 8 號交易廣場二期 8 樓

**收件人: Lin Shi 女士/ Miranda Mak 女士/
Gloria Chan 女士/Kelvin Lee 先生/ Catherine
Chan 女士/Anthony Pun 先生**

and
及

Yancoal Australia Ltd
Level 18, Darling Park 2
201 Sussex Street
Sydney, NSW 2000
Australia

兗煤澳大利亞有限公司
Level 18, Darling Park 2
201 Sussex Street
Sydney, NSW 2000
Australia

Dear Sirs,
敬啟者,

Company : **Yancoal Australia Ltd (the "Company")**
公司 兖煤澳大利亚有限公司 (「公司」)
Case Number : **20180628-I18156-0001**
档案号 20180628-I18156-0001
Transaction Type : **New Listing – Primary Listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")**
交易类型 新上市 – 于香港联合交易所有限公司 (「联交所」) 主板作第一上市
Subject : **Undertaking pursuant to Rule 10.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")**
事由 根据《香港联合交易所有限公司证券上市规则》(「上市规则」) 第 10.07 条作出的承诺

Unless stated otherwise, terms defined in the draft prospectus to be issued by the Company (the "*Prospectus*") shall have the same meanings in this letter.

除非另有说明，否则在公司将刊发的招股章程稿 (「招股章程」) 中界定的词语用于本函中具有相同涵义。

We, being the controlling shareholders of the Company, hereby undertake to the Stock Exchange and to the Company that, except pursuant to the Global Offering and any lending of Shares pursuant to the Stock Borrowing Agreement, we will not and will procure that the relevant registered holder(s) will not:

我们，即公司的控股股东，特此向联交所及公司承诺，除根据全球发售和借股协议借出股份或外，我们不会，并将促使相关登记持有人不会：

- (a) in the period commencing on the date by reference to which disclosure of our holding of Shares is made in the Prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which we are shown by the Prospectus to be the beneficial owner; or

自招股章程中披露我们持有股份当日起至上市日期起计满六个月之日期止期间，出售招股章程所列示由其实益拥有的股份；就该等实益拥有的股份订立任何协议出售，或设立任何选择权、权利、利益或产权负担；或

- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, we would cease to be a controlling shareholder of the Company,

自上述 (a) 段所述的期限届满当日起计的六个月内，出售上述 (a) 段的任何股份，或就该等股份订立任何协议出售有关股份，或设立任何选择权、权利、利益或产权负担，以致我们在出售股份或行使或执行有关选择权、权利、利益或产权负担后不再成为公司的控股股东，

in each case, save as:

在上述每一情况下，下述情况除外：

- (1) permitted under the Listing Rules;

属上市规则允许者；

- (2) to accept a takeover bid that has been made for 100% (or some lesser percentage, in the event of a proportional takeover bid) of the Shares in the Company and in circumstances where at least 50% of the Shares held by non-locked up Shareholders that are the subject of the takeover bid have also accepted that takeover bid, provided that if the takeover bid is a conditional takeover bid and does not become unconditional, then the Shares which had been accepted into the takeover bid will not be released from the restrictions and undertakings contained in this letter; or

旨在接纳已就公司 100% 股份（或在按比例作出要约收购的情况下，某一较低百分比的股份）提出的要约收购，以及持有至少 50% 股份作为要约收购对象的非禁售股东亦已接纳上述要约收购，但前提是，如果要约收购属有条件要约收购而且并未成为无条件，则已被接纳入要约收购的股份将不会获解除本函所载的限制和承诺；或

- (3) to have our Shares in the Company acquired by a bidder following a scheme of arrangement in relation to the Company.

旨在促使我们所持有的公司的股份于公司的协议安排后被某竞投入收购。

We hereby further undertake to the Company and to the Stock Exchange that, within the period commencing on the date by reference to which disclosure of our holding of Shares is made in the Prospectus and ending on the date which is 12 months from the Listing Date, we will and will procure that the relevant registered holder(s) will:

我们特此进一步向公司及联交所承诺，自招股章程中披露我们持有股份的参考日起至上市日期后 12 个月届满之日止期间，我们将，并会促使相关登记持有人将：

- (i) when we pledge or charge any Shares beneficially owned by us in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of Shares so pledged or charged; and

当我们根据上市规则第 10.07 (2) 条之附注 (2) 将名下实益拥有的股份质押或押记予认可机构（定义见香港法例第 155 章《银行业条例》）作受惠人，将立即通知公司该项质押/押记事宜以及所质押/押记的股份数目；及

- (ii) when we receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company of such indications.

当我们接到承押人/承押记人的指示（不论是口头或书面），指任何该等用作质押/押记的股份将被沽售，将立即将该等指示内容通知公司。

For the avoidance of doubt, nothing in this letter places any restriction on our ability to exercise our voting power in relation to our Shares in the Company.

为避免疑义，本函无任何内容限制我们就我们持有的公司股份行使表决权的能力。

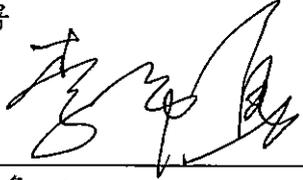
Yours faithfully,

顺颂

商祺!

For and on behalf of
Yanzhou Coal Mining Company Limited
兖州煤业股份有限公司

代表签署

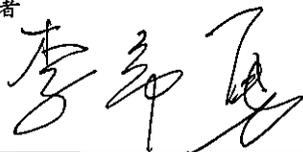
A handwritten signature in black ink, appearing to be 'Li Xiyong', written over a horizontal line.

Name/姓名: Li Xiyong

Title/职务: Director

For and on behalf of
Yankuang Group Company Limited
兖矿集团有限公司

代表签署



Name/姓名: Li Xiyong

Title/职务:

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Annexure B: ASIC relief instrument (Lock-ups)

**Australian Securities and Investments Commission
Corporations Act 2001 – Paragraphs 655A(1)(b) and 673(1)(b) – Declaration**

Enabling legislation

1. The Australian Securities and Investments Commission (*ASIC*) makes this instrument under paragraph 655A(1)(b) and 673(1)(b) of the *Corporations Act 2001* (the *Act*).

Title

2. This instrument is ASIC Instrument 18-1078.

Commencement

3. This instrument commences on the date it is signed.

Declarations

4. Chapter 6 and 6C of the Act applies to Yancoal Australia Limited ACN 111 859 119 (*Yancoal*) as if section 609 were modified or varied by, after subsection (13) (as notionally inserted by ASIC Class Order [CO 13/520]), inserting:

“(13A) A body corporate does not have a relevant interest in its own securities merely because it accepts an undertaking given by a holder of securities pursuant to Rule 10.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (*HKEx*).

(13B) *HKEx* does not have a relevant interest in securities merely because it accepts an undertaking given by a holder of securities pursuant to Rule 10.07 of the Rules Governing the Listing of Securities on *HKEx*.”.

5. Chapters 6 and 6C of the Act apply to Yancoal as if section 9 were modified or varied by, after subparagraph (a)(ii)(C) in the definition of *substantial holding* (as notionally inserted by ASIC Class Order [CO 13/520]), inserting:

“or

(D) subsection 609(13A) (securities subject of *HKEx* undertaking).”.

6. Chapter 6C of the Act applies to Yancoal as if section 671B were modified or varied by, omitting “.” in paragraph (7)(c) (as notionally inserted by ASIC Class Order [CO 13/520]), inserting:

“or

(d) subsection 609(13A) (securities subject of HKEx undertaking).”.

Where the exemption applies

7. This instrument applies in relation to an undertaking given by *Security Holder* to Yancoal and HKEx under and for the purposes of Rule 10.07 of the Rules Governing the Listing of Securities on HKEx where:
- (a) Yancoal is listed on a prescribed financial market;
 - (b) Yancoal has applied for its ordinary shares to be admitted to trading on HKEx and is undertaking or will undertake a Hong Kong initial public offering of its fully paid ordinary shares (*Offer*);
 - (c) the undertaking given by each Security Holder:
 - (i) restricts disposal of, but not the exercise of voting rights attaching to, the certain Yancoal ordinary shares (*Escrowed Securities*) held by the relevant Security Holder;
 - (ii) in the case of a takeover bid (including a proportional takeover bid) for Yancoal ordinary shares (*Bid*) allows each Security Holder to accept into the bid where holders of at least half of the bid class securities that are not subject to an escrow arrangement have accepted into the bid;
 - (iii) requires that the Escrowed Securities be returned to escrow if the Bid does not become unconditional;
 - (iv) allows the Escrowed Securities to be transferred or cancelled as part of a merger by way of compromise or arrangement under Part 5.1 of the Act;
 - (v) terminates on the date that is no more than 12 months after the date on which the Escrowed Securities listed on HKEx; and
 - (vi) subject to subparagraphs (i) to (v) above, is in substantially in the same form as the draft “Undertaking from Controlling Shareholders” provided to ASIC on 24 September 2018.
 - (d) Yancoal discloses on the markets announcement platform operated by the ASX the following information:

- (i) a brief announcement explaining the effect of the undertaking provided by the Security Holders under Rule 10.07 of the Rules Governing the Listing of Securities on HKEx;
- (ii) a copy of this instrument; and
- (iii) a copy of each executed undertaking provided by the Security Holders under Rule 10.07 of the Rules Governing the Listing of Securities on HKEx.

Interpretation

In this instrument:

Security Holder means any of the following persons or entities who hold shares in Yancoal:

- (a) The Stock Exchange of Hong Kong Limited (Incorporation Number: 0083874)
- (b) Yanzhou Coal Mining Company Limited (9 1 370000 166122374 N)
- (c) Yankuang Group Company Limited (9 1 370000 166120002 R)

Dated this 22nd day of November 2018



Signed by Lydia Sia
as a delegate of the Australian Securities and Investments Commission