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兗礦能源集團股份有限公司

**YANKUANG ENERGY GROUP COMPANY LIMITED\***

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 01171)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **REVISION OF ANNUAL CAPS FOR THE HVO SALES AGREEMENT**

Reference is made to the announcement (the “**Announcement**”) issued by Yankuang Energy Group Company Limited\* (the “**Company**”) on 9 December 2020 in relation to, among other things, the continuing connected transactions for the purchase of coal by Yancoal Australia Ltd (“**Yancoal Australia**”) and its subsidiaries from Anotero, a wholly-owned subsidiary of Glencore, pursuant to the HVO Sales Agreement in relation to Hunter Valley mining operations. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the maximum annual transaction amounts to be distributed by SalesCo to Anotero pursuant to the HVO Sales Agreement for the year ending 31 December 2022 will not exceed USD750 million (the “**Original 2022 Annual Cap**”) and the maximum annual transaction amount to be distributed by SalesCo to Anotero pursuant to the HVO Sales Agreement for the year ending 31 December 2023 will not exceed USD750 million.

During a review of the transaction amounts under the HVO Sales Agreement, it has come to the attention of the Company that the actual transaction amount as of 30 September 2022 has exceeded the Original 2022 Annual Cap due to sustained recent increases in coal prices globally. As of 30 September 2022, the actual transaction amount under the HVO Sales Agreement was approximately USD1.251 billion. Accordingly, the Company has revised the annual caps for the continuing connected transactions under the HVO Sales Agreement for the two years ending 31

December 2022 and 2023 to USD1.9 billion and USD1.9 billion respectively (the “**Revised Annual Caps**”). The terms of the HVO Sales Agreement remain unchanged and the major terms of the HVO Sales Agreement were set out in the Announcement.

The Revised Annual Caps have been determined based on (i) the historical transaction amounts, in particular, the actual transaction amounts for the nine months ended 30 September 2022 of USD1.251 billion; (ii) the expected amount of the coal to be sold by SalesCo, with reference to the annual production capacity of Hunter Valley mining operations; and (iii) the expected price of the coal to be sold by SalesCo, taking into consideration the sustained recent increase in coal prices globally. In particular, the coal price set out in the NEWC index published by globalCOAL, which is the benchmark price for seaborne thermal coal in the Asia-Pacific region, has increased from USD165.86/ton as of 31 December 2021 to USD452.81/ton as of 22 September 2022.

### **Directors’ Confirmation**

The Directors (including the independent non-executive Directors) are of the view that the terms of the HVO Sales Agreement (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.

None of the Directors has a material interest in the HVO Sales Agreement and the transactions contemplated thereunder, and therefore no Director abstained from voting on the relevant resolution of the Board in respect of the Revised Annual Caps under the HVO Sales Agreement and the transactions contemplated thereunder.

### **Internal Controls Procedures**

The Company has a system to monitor its connected transactions and the renewal of connected transactions, which includes maintaining and regularly updating the list of connected persons of the Company, maintaining a list of connected transactions including details in relation to their expiration dates, checking the contracting party in each transaction to confirm whether it is a connected person, monitoring the value of transactions that are identified as connected transactions against the threshold for triggering disclosure and shareholder approval requirements under the Hong Kong Listing Rules and ensuring that relevant business departments are regularly updated in relation to the renewal of connected transactions.

In view of the recent historical record breaking increases in coal prices globally, the Company has conducted a further review of its continuing connected transactions and has further strengthened its internal controls to ensure that the transaction amounts for the continuing connected transaction will not exceed its annual cap, which now involves a monthly review of such transactions, rigorous forecasting of transaction amounts out to the end of calendar year, and a broadening of responsibility for reviewing and monitoring such transactions, including involvement of senior management at the Hunter Valley mining operations.

### **Hong Kong Listing Rules Implications**

As at the date of this announcement, Anotero (i) holds 49% of the interest in HV Operations Pty Ltd, a subsidiary of Yancoal Australia, and (ii) has a 49% participating interest in the HVO Joint Venture, the unincorporated joint venture holding the Hunter Valley mining operations, in which Yancoal Australia holds a 51% participating interest. As Anotero is a substantial shareholder of Yancoal Australia's subsidiaries and a wholly-owned subsidiary of Glencore, pursuant to the Rule 14A.07 of the Hong Kong Listing Rules, Glencore is a substantial shareholder of the Company's subsidiaries, and therefore a connected person of the Company at the subsidiary level. The transactions between SalesCo and Anotero constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the continuing connected transactions under the HVO Sales Agreement are between the Group and a connected person at the subsidiary level, on normal commercial terms or better, the Directors have approved the transactions and the independent non-executive Directors have given the confirmation required under Rule 14A.101 of the Hong Kong Listing Rules, the revision of the annual caps for such continuing connected transactions 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 Hong Kong Listing Rules.

### **Information in relation to the Parties**

#### *The Company*

The Company is principally engaged in the business of mining, preparation, processing and sale of coal and coal chemicals. The Company's main products are steam coal for use in large-scale power plants, coking coal for metallurgical production, prime quality low sulphur coal for use in pulverized coal injection, and chemical products such as methanol and acetic acid, etc.

### *Yancoal Australia*

Yancoal Australia is a subsidiary of the Company, whose 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 Yancoal Australia have been listed on the Australian Securities Exchange and the Stock Exchange since 2012 and 2018, respectively.

### *Glencore*

Glencore is a member of Glencore plc, which is one of the largest global diversified natural resource companies in the world. The shares of Glencore plc are listed on the London Stock Exchange and the Johannesburg Stock Exchange.

### *Anotero*

Anotero, a wholly-owned subsidiary of Glencore, is principally engaged in manufacturing and sales of coal through its interest in Hunter Valley mining operations.

### *SalesCo*

SalesCo is principally engaged in selling coal produced by the HVO Joint Venture on behalf of the participants in the HVO Joint Venture. As at the date of this announcement, SalesCo is a subsidiary of Yancoal Australia (a subsidiary of the Company), and is held as to 51% and 49% by Yancoal Australia and Glencore, respectively.

By order of the Board  
**Yankuang Energy Group Company Limited\***  
**Li Wei**  
*Chairman of the Board*

Zoucheng, Shandong Province, the PRC  
9 November 2022

*As at the date of this announcement, the Directors of the Company are Mr. Li Wei, Mr. Liu Jian, Mr. Xiao Yaomeng, Mr. Zhu Qingrui, Mr. Zhao Qingchun and Mr. Huang Xiaolong, and the independent non-executive Directors of the Company are Mr. Tian Hui, Mr. Zhu Limin, Mr. Cai Chang, and Mr. Poon Chiu Kwok.*

*\* For identification purpose only*