YANCOAL AUSTRALIA LTD
ADDRESS: Level 18, Tower 2, 201 Sussex Street, Sydney NSW 2000
PHONE: 61 2 8583 5300
FAX: 61 2 8583 5399
WEBSITE: www.yancoal.com.au

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ASX Release:

HKEX - Renewal of Continuing Connected Transactions, financial assistance in connection with acquisition, and election of director

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Authorised for lodgement by the Board of Yancoal Australia

Investor Relations Contact: Brendan Fitzpatrick, GM Investor Relations

Email: Brendan.Fitzpatrick@yancoal.com.au

Additional information about the company can be found at www.yancoal.com.au

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Yancoal Australia Ltd
ACN 111 859 119
兖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)

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(1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS IN RELATION TO THE COAL SALES TRANSACTIONS (2) FINANCIAL ASSISTANCE IN CONNECTION WITH THE ACQUISITION OF KESTREL COAL GROUP PTY LTD AND (3) ELECTION OF DIRECTOR

THE COAL SALES TRANSACTIONS

Reference is made to the announcement of the Company dated 25 August 2026 in relation to the 2026 Yankuang Energy Framework Agreement For Coal Sales and the 2026 YIT Framework Agreement For Coal Sales.

On 23 October 2026, (1) the Company and Yankuang Energy renewed the 2026 Yankuang Energy Framework Agreement For Coal Sales, pursuant to which the Yancoal Group agreed to continue to sell coal to Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) (the "**2027 Yankuang Energy Framework Agreement For Coal Sales**"); and (2) the Company and YIT renewed the 2026 YIT Framework Agreement For Coal Sales, pursuant to which the Yancoal Group agreed to continue to sell coal to YIT and/or its associates (excluding the Yankuang Energy Group) (the "**2027 YIT Framework Agreement For Coal Sales**"), in each case for a term commencing on 1 January 2027 and ending on 31 December 2029.

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 the Independent Shareholders' approval at the EGM.

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

Pursuant to the 2027 Yankuang Energy Framework Agreement for Coal Sales and the 2027 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, YLHK and HII, respectively. Further, pursuant to the 2027 YIT Framework Agreement for Coal Sales, the Company proposes to enter into the Proposed MOU with a trading company associated with Yankuang Energy and its controlling shareholder Shandong Energy, being SETI. Pursuant to Listing Rule 10.1 of the ASX Listing Rules, the Proposed Coal Sales Agreements and the Proposed MOU will be subject to independent shareholders' approval at the EGM. Details of the Proposed Coal Sales Agreements and the Proposed MOU 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 and the Proposed MOU are fair and reasonable to the Independent Shareholders. The Company has appointed Lonergan Edwards to prepare the Independent Expert's report providing an opinion as to whether the Proposed Coal Sale Agreements and the Proposed MOU 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 2027 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 2027 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.

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FINANCIAL ASSISTANCE IN CONNECTION WITH THE ACQUISITION OF KESTREL COAL GROUP PTY LTD

Reference is made to the Company's announcement dated 14 April 2026 in relation to the acquisition (the "**Acquisition**") of Kestrel Coal Group Pty Ltd (the "**Target**", together with its subsidiaries, the "**Target Group**"). The Company is a borrower under certain facility agreements and ancillary finance documents (the "**Finance Documents**") for an aggregate facility limit of A$1,500,000,000 and US$1,400,000,000. As one of the conditions to the Finance Documents, each of the companies within the Target Group, upon completion of the Acquisition, is required to act as a guarantor for the performance of the Company's obligations thereunder and also provide security over part or all of their assets to secure amounts owed by the Company thereunder (the "**Financial Assistance**").

The Financial Assistance by the Target Group constitutes the provision of financial assistance in connection with the Acquisition, within the meaning of Part 2J.3 of the Corporations Act 2001 (Cth) (the "**Corporations Act**"). Under section 260B(1) of the Corporations Act, the Financial Assistance must be approved by shareholders of each Target Group company giving the assistance. In addition, as the Company is a listed corporation on the ASX and will be the holding company of each Target Group company upon completion of the Acquisition, the Financial Assistance must also be approved by the Shareholders of the Company by a special resolution passed pursuant to section 260B(2) of the Corporations Act.

Details of the financing arrangements (including the Financial Assistance) under the Finance Documents and the requirements for shareholders' approval by special resolution under the Corporations Act will be set out in the circular for the EGM.

ELECTION OF DIRECTOR

Ms. Ping Nie, (聶平), was appointed as a Non-executive Director of the Company on 19 August 2026. As her appointment as a Director was made by the Board, pursuant to rule 8.1(c) of the Company's Constitution, Ms. Nie will hold office as a Director until the conclusion of the next general meeting following her appointment, being the EGM. Ms. Nie, being eligible, has offered herself for election as a Non-executive Director of the Company at the EGM.

GENERAL INFORMATION

The Independent Board Committee has been established to consider and advise the Independent Shareholders on the terms of the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps).

Ignite Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders, in each case, on the terms of the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps).

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

A. INTRODUCTION

Reference is made to the announcement of the Company dated 25 August 2026 in relation to the 2026 Yankuang Energy Framework Agreement For Coal Sales and the 2026 YIT Framework Agreement For Coal Sales.

On 23 October 2026, (1) the Company and Yankuang Energy renewed the 2026 Yankuang Energy Framework Agreement For Coal Sales, pursuant to which the Yancoal Group agreed to continue to sell coal to Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) (the "**2027 Yankuang Energy Framework Agreement For Coal Sales**"); and (2) the Company and YIT renewed the 2026 YIT Framework Agreement For Coal Sales, pursuant to which the Yancoal Group agreed to continue to sell coal to YIT and/or its associates (excluding the Yankuang Energy Group) (the "**2027 YIT Framework Agreement For Coal Sales**"), in each case for a term commencing on 1 January 2027 and ending on 31 December 2029.

B. MATERIAL TERMS OF THE 2027 YANKUANG ENERGY FRAMEWORK AGREEMENT FOR COAL SALES

(a) Subject Matter

The 2027 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 2027 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 renewing the agreement.

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(b) Term and Termination

The 2027 Yankuang Energy Framework Agreement For Coal Sales will commence on 1 January 2027 and will continue up to and including 31 December 2029 (the "**Yankuang Energy Renewed Term**"), unless terminated earlier in accordance with the terms of 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 Renewed Term or subsequent renewal term, the 2027 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 2027 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

Taking into consideration the nature of coal, the sale price will be determined with reference to (i) industry index prices, being McCloskey API 5 Price 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. In relation to market alternatives, the Company will consider comparable annual contracts which have been agreed with non-related Chinese end users for the same quality of coal, with deliveries in the same delivery period and for a comparable contract volume. By pricing the coal to be sold under the Proposed Coal Sales Agreements to be entered into pursuant to the 2027 Yankuang Energy Framework Agreement For Coal Sales at the weighted average relativity of coal sold under the comparable annual contracts, the Yancoal Group will be securing term sales at the average market price, and which will not be subject to price discounting below the average market price.

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(d) Annual Caps and Historical Amounts

The table below sets out the annual caps and historical transaction amounts under the 2023 and 2026 Yankuang Energy Framework Agreement For Coal Sales for the periods/years indicated.

Period/Year	Annual Cap (US$ million)	Actual Transactions Amount (US$ million)	Actual Transactions % of Annual Cap
Two months ended 31 December 2023	66.7	14.6	21.9%
Year ended 31 December 2024	300.0	200.5	66.8%
Year ended 31 December 2025	300.0	146.0	48.7%
10 months ending 31 October 2026	233.3	–	–
9 months ended 30 September 2026	–	135.8	58.2%
2 months ending 31 December 2026	66.6	–	–

C. MATERIAL TERMS OF THE 2027 YIT FRAMEWORK AGREEMENT FOR COAL SALES

(a) Subject Matter

The 2027 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 2027 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 renewing the agreement.

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(b) Term and Termination

The 2027 YIT Framework Agreement For Coal Sales will commence on 1 January 2027 and will continue up to and including 31 December 2029 (the "**YIT Renewed Term**"), unless terminated earlier in accordance with the terms of 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 Renewed Term or subsequent renewal term, the 2027 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 2027 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 YIT 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. In relation to market alternatives, the Company will consider comparable annual contracts which have been agreed with non-related Chinese end users for the same quality of coal, with deliveries in the same delivery period and for a comparable contract volume. By pricing the coal to be sold under the Proposed Coal Sales Agreements to be entered into pursuant to the 2027 YIT Framework Agreement For Coal Sales at the weighted average relativity of coal sold under the comparable annual contracts, the Yancoal Group will be securing term sales at the average market price, and which will not be subject to price discounting below the average market price.

(d) Annual Caps and Historical Amounts

The table below sets out the annual caps and historical transaction amounts under the 2023 and 2026 YIT Framework Agreement For Coal Sales for the periods/years indicated.

		Actual Transactions	
Period/Year	**Annual Cap (US$ million)**	**Amount (US$ million)**	**% of Annual Cap**
Two months ended 31 December 2023	133.4	38.1	28.6%
Year ended 31 December 2024	600.0	417.6	69.6%
Year ended 31 December 2025	600.0	299.4	49.9%
10 months ending 31 October 2026	466.6	–	–
9 months ended 30 September 2026	–	186.5	40.0%
2 months ending 31 December 2026	133.3	–	–

D. AGGREGATE ANNUAL CAPS FOR THE 2027 YANKUANG ENERGY FRAMEWORK AGREEMENT FOR COAL SALES AND THE 2027 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 three years ending 31 December 2027, 2028 and 2029 will not exceed US$300.0 million, US$300.0 million and US$300.0 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 three years ending 31 December 2027, 2028 and 2029 will not exceed US$900.0 million, US$900.0 million and US$900.0 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 three years review of market pricing for the 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) 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, (iii) the expected volume of the additional spot opportunities under the Proposed MOU based on the maximum volume set out in the Proposed MOU; and (iv) the estimated sale price for the coal the Company typically charges. The circular for the EGM will set out, inter alia, further details of the Proposed Coal Sales Agreements and the Proposed MOU, including the maximum annual quantity of coal to be sold under each of such agreements and the pricing basis, which have been used in arriving at the annual caps set out above. The annual caps for the transactions to be entered into under the 2027 Yankuang Energy Framework Agreement for Coal Sales and YIT Framework Agreement for Coal Sales referred to above have been arrived at using an assumed price of US$150/mt for API5 standard quality coal. This assumed price was arrived at after taking into account the current forward price of US$110/mt for API5 standard quality coal and adjusting for historical volatility of the API5 coal price that arises due to geopolitical events along with cyclical changes to the supply and demand outlook for thermal coal. The assumed price for API5 standard quality coal used in arriving at the annual caps under the 2023 and 2026 Yankuang Energy Framework Agreement For Coal Sales and YIT Framework Agreement For Coal Sales was also US$150/mt. However, as the actual price of the coal sold under the 2023 and 2026 Yankuang Energy Framework Agreement For Coal Sales and YIT Framework Agreement For Coal Sales was below US$150/mt, this impacted the percentage utilisation of the annual caps under those framework agreements.

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E. PROPOSED COAL SALES AGREEMENTS, PROPOSED MOU AND INDEPENDENT EXPERT'S REPORT

Pursuant to the 2027 Yankuang Energy Framework Agreement for Coal Sales and the 2027 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, YLHK and HII respectively, among which, (i) the coal sales transactions with YLHK for the proposed volume of 2 million tonnes per annum will be made pursuant to the 2027 Yankuang Energy Framework Agreement for Coal Sales and (ii) the coal sales transactions with YIT and HII 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 2027 YIT Framework Agreement for Coal Sales.

The Proposed Coal Sales Agreements will provide value to the Yancoal Group as additional sales under term contracts at the average market price will provide a steady revenue flow and certain pricing with lower exposure to the volatility of the spot market and further support production planning, rail scheduling, and port utilisation.

Further, pursuant to the 2027 YIT Framework Agreement for Coal Sales, the Company proposes to enter into the Proposed MOU with a trading company associated with Yankuang Energy and its controlling shareholder Shandong Energy, being SETI, pursuant to which the coal sales transactions with SETI for the proposed volume of up to 2 million tonnes per annum of additional spot opportunities will be made pursuant to the 2027 YIT Framework Agreement for Coal Sales. To ensure transactions under the Proposed MOU are on arm's length terms, the Company has established governance controls including requiring competitive market canvassing and documented commercial justification for each cargo.

The Proposed Coal Sales Agreements and the Proposed MOU 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 and the Proposed MOU 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 and the Proposed MOU are fair and reasonable to the Independent Shareholders. The Company has appointed Lonergan Edwards as the Independent Expert to prepare the Independent Expert's report providing an opinion as to whether the Proposed Coal Sale Agreements and the Proposed MOU are fair and reasonable to the Independent Shareholders, which will be set out in the circular for the EGM.

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F. REASONS FOR, AND BENEFITS 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) a stable source of offtake of coal from Yankuang Energy and YIT during the three years ending 31 December 2027, 2028 and 2029 and (ii) the Yancoal Group's production ability to supply 6 million tons per year to Yankuang Energy and YIT.

The Proposed MOU will enable the Company to respond to spot opportunities to supply up to 2 million tonnes of Kestrel coking coal or third party coal in the coming years to increase the profitability of the Company. The Proposed MOU will provide the Company with sufficient head room under the applicable requirements to grow the business and increase the profit for the Company.

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) have considered the reasons for, and benefits of, the Coal Sales Transactions and the basis for arriving at the annual caps referred to above and are of the view that the terms of the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the relevant annual caps thereunder) and the Proposed Coal Sales Agreements and the Proposed MOU 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. Ning Yue, Mr. Gang Ru, Mr. Jiuhong Wang, Mr. Xiaolong Huang and Mr. Zhiguo Zhao 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 "*4. 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 for

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the EGM, taking into consideration that none of the above Directors (i) receives substantial remuneration or some other benefit from the Coal Sales Transactions, (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 future remuneration or career prospects with his employer, the Board is of the view that none of the above Directors has a material interest 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 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the relevant annual caps), the Proposed Coal Sales Agreements and the Proposed MOU.

H. INTERNAL CONTROL MEASURES

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, ensuring that relevant business departments are regularly updated in relation to the renewal of connected transactions, and monthly review of continuing connected transactions to ensure the transaction amounts will not exceed the respective annual caps. Specifically in relation to the Coal Sales Transactions, the terms of the 2027 Yankuang Energy Framework Agreement for Coal Sales, the 2027 YIT Framework Agreement for Coal Sales, the Proposed Coal Sales Agreements and the Proposed MOU have been communicated to the relevant business departments to ensure they comply strictly with their terms and transactions thereunder are monitored on a monthly basis. The Board considers that the above internal control measures are sufficient to safeguard the interests of the Company and its Shareholders as a whole.

I. 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 2027 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 2027 YIT Framework Agreement For Coal Sales constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

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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.

J. 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 52.85% of the shares in Yankuang Energy as of the date of this announcement. 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 focuses on six pillar industries of mining, high-end chemicals, electric power, new energy and new materials, high-end equipment manufacturing, and modern logistics and trade. It is a highly-internationalized coal enterprise, 22nd among China's Top 500 Companies and 82nd among Fortune Global 500 in 2025.

(iii) Yankuang Energy

Yankuang Energy is principally engaged in the business of mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing, and intelligent logistics. Yankuang Energy'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 methanol, acetic acid etc. 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.

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(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 owned as to 49.83% by Shandong Energy, as to 43.39% by Hainan Taizhong Group, as to 5.67% by Yankuang Energy Group Co., Ltd and as to 1.11% 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 and China Huaneng Group Fuel Co., Ltd are third parties independent of the Company. 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) YLHK

YLHK engages in domestic and international trading and logistics of bulk commodities including iron ore, coal, steel and steel scrap. YLHK 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 is a third party independent of the Company.

In 2025, YLHK traded a total of 3.22 million tonnes of iron ore, 3.675 million tonnes of coal and 3.337 million tonnes of steel (including steel scrap). YLHK has extensive relationships with power plants, general industry customers and steel plants in China.

(vii) SETI

SETI was established in July 2024. Shandong Energy Group Co., Ltd. holds 51% of the shares, while Deep Source Holdings Limited holds 49%. The registered capital is HK$800 million. The company's main business is low-risk, large-scale, end-to-end international and domestic trade of bulk commodities, including black metals scrap steel, steel products, coal and coke etc. In light of business development, it will opportunistically engage in trade of chromium, manganese, pig iron, methanol, ethane and other commodities.

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2. FINANCIAL ASSISTANCE IN CONNECTION WITH THE ACQUISITION OF KESTREL COAL GROUP PTY LTD

Reference is made to the Company's announcement dated 14 April 2026 in relation to the acquisition (the "**Acquisition**") of Kestrel Coal Group Pty Ltd (the "**Target**", together with its subsidiaries, the "**Target Group**"). As disclosed in the announcement:

- the Company (as buyer) has entered into a sale and purchase agreement with EMR Capital Advisors Pty Ltd, Kestrel Coal (EMR) Limited, Adaro Capital Limited and EMR Capital Management Limited to acquire a 100% interest in the Target, which, through the Target Group, holds an 80% interest in the unincorporated joint venture that owns the Kestrel Coal Mine, a large-scale, long-life metallurgical coal asset located in Queensland's Bowen Basin, with the remaining 20% interest held by Mitsui Kestrel Coal Investment Pty Limited;

- the Company has agreed to pay an upfront cash consideration of US$1.85 billion for the Acquisition, which is payable on completion, plus contingent cash consideration up to a maximum of US$550 million in total, payable annually over a five-year period from completion, subject to fulfillment of certain conditions;

- the Company intends to fund the Acquisition as follows: (i) the upfront cash consideration will be funded by the Company's available cash and a US$1.2 billion five-year syndicated acquisition loan facility; and (ii) the contingent cash consideration will be funded by cash flows generated by the business of Yancoal Group enlarged by the Acquisition over the first five years post-completion; and

- a US$200 million, five-year committed working capital facility is also in place to support the Company's liquidity requirements over this period.

The Company is a borrower under certain facility agreements and ancillary finance documents (the "**Finance Documents**") for an aggregate facility limit of A$1,500,000,000 and US$1,400,000,000. As one of the conditions to the Finance Documents, each of the companies within the Target Group, within a certain period following completion of the Acquisition, is required to act as a guarantor for the performance of the Company's obligations thereunder and also provide security over part or all of their assets to secure amounts owed by the Company thereunder (the "**Financial Assistance**"). Completion of the Acquisition occurred on 1 October 2026.

The Financial Assistance by the Target Group constitutes the provision of financial assistance in connection with the Acquisition, within the meaning of Part 2J.3 of the *Corporations Act 2001* (Cth) (the "**Corporations Act**"). Under section 260B(1) of the Corporations Act, the Financial Assistance must be approved by shareholders of each Target Group company giving the assistance In addition, as the Company is a listed corporation on the ASX and will be the ultimate Australian holding company of each Target Group company upon completion of the Acquisition, the Financial Assistance must also be approved by the Shareholders by a special resolution passed pursuant to section 260B(2) of the Corporations Act.

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Details of the financing arrangements (including the Financial Assistance) under the Finance Documents and the requirements for shareholders' approval by special resolution under the Corporations Act will be set out in the circular for the EGM.

3. ELECTION OF DIRECTOR – MS. PING NIE

Ms. Ping Nie, (聶平), was appointed as a Non-executive Director of the Company on 19 August 2026. As her appointment as a Director was made by the Board, pursuant to rule 8.1(c) of the Company's Constitution, Ms. Nie will hold office as a Director until the conclusion of the next general meeting following her appointment, being the EGM. Ms. Nie, being eligible, has offered herself for election as a Non-executive Director of the Company at the EGM.

Ms. Nie, aged 49, joined China Cinda Asset Management Co., Ltd. in 2001 and has held a number of positions, including Division Director in the Investment and Financing Department, Asset Management Department, Investment and Asset Management Department, and Strategic Customer Department III; Assistant General Manager of the Heilongjiang Branch; and Deputy General Manager of Strategic Customer Department IV. Ms. Nie has primarily focused on investment business and possesses extensive expertise in mergers and acquisitions and corporate restructuring. Ms. Nie graduated from Xi'an Jiaotong University with a bachelor's degree in economics.

Ms. Nie entered into a letter of appointment with the Company for an unlimited term commencing on 19 August 2026, subject to any provisions of the letter of appointment and the Company's Constitution. Ms. Nie will not receive any director's fee or remuneration package as a Non-executive Director. Ms. Nie does not own any shares in the Company and does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Ms. Nie is a member of the Company's Strategy and Development Committee. Save as disclosed above, Ms. Nie (i) does not hold any other position with the Company or other members of the Yancoal Group; (ii) has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company (other than being a nominee director of China Cinda Asset Management Co., Ltd., which is a substantial shareholder of the Company).

Save as disclosed above, Ms. Nie has confirmed that there are no other matters that need to be brought to the attention of the shareholders of the Company in relation to her appointment and there is no other information that needs to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

The Directors (including the Independent Directors, with Ms. Nie abstaining) recommend that Shareholders vote in favour of the resolution to elect Ms. Nie as a Non-executive Director of the Company.

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4. GENERAL INFORMATION

(a) Independent Board Committee

An Independent Board Committee, comprising all the independent non-executive Directors, has been established as required under the Hong Kong Listing Rules and consistent with usual Australian practice and the expectations of Australian regulators.

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

- consider, negotiate and, if thought fit, approve the entry into the 2027 Yankuang Energy Framework Agreement For Coal Sales, the 2027 YIT Framework Agreement For Coal Sales and entry into the Proposed Coal Sales Agreements and the Proposed MOU for consideration by the Independent Shareholders;

- consider and advise the Independent Shareholders on the terms of the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps), the Proposed Coal Sales Agreements and the Proposed MOU;

- appoint an independent expert (as required by Listing Rule 10.5.10 of the ASX Listing Rules);

- 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

Ignite Capital has been appointed, in accordance with the Hong Kong Listing Rules, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders, in each case, on the terms of the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales.

Lonergan Edwards has been appointed, in accordance with the ASX Listing Rules, 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 and the Proposed MOU.

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A circular containing, among other things, details of (i) the 2027 Yankuang Energy Framework Agreement For Coal Sales, the 2027 YIT Framework Agreement For Coal Sales, the Proposed Coal Sales Agreements and the Proposed MOU, (ii) the financing arrangements (including the Financial Assistance) under the Finance Documents and the requirements for shareholders' approval by special resolution under the Corporations Act, (iii) the election of Ms. Ping Nie as a Non-executive Director of the Company, (iv) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, (v) the recommendation of the Independent Board Committee, (vi) additional information required by the ASX Listing Rules and (vii) the Independent Expert's Report on the Proposed Coal Sales Agreements and the Proposed MOU, is expected to be despatched to the Shareholders on or about 2 November 2026.

(c) Voting at the EGM

An EGM will be convened for the Independent Shareholders to consider, and if thought fit, to approve the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps), the Proposed Coal Sales Agreements, the Proposed MOU, the provision of the Financial Assistance, and the election of Ms. Ping Nie as a Non-executive Director of the Company.

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 2027 Yankuang Energy Framework Agreement For Coal Sales, the 2027 YIT Framework Agreement For Coal Sales, the Proposed Coal Sales Agreements and the Proposed MOU 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 2027 Yankuang Energy Framework Agreement For Coal Sales, the 2027 YIT Framework Agreement For Coal Sales, the Proposed Coal Sales Agreements and the Proposed MOU 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 7:00 p.m. (AEDT) on Friday, 4 December 2026 (being 5:00 p.m. (HKT)) ("**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 4.30 pm (HKT) on Friday, 4 December 2026.

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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.

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K. DEFINITIONS

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

"2023 Yankuang Energy Framework Agreement For Coal Sales"	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)
"2023 YIT Framework Agreement For Coal Sales"	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)
"2026 Yankuang Energy Framework Agreement For Coal Sales"	the 2026 Yankuang Energy framework agreement for coal sales between the Company and Yankuang Energy in relation to the sale of coal by the Yancoal Group to Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) for the period from 1 November 2026 to 31 December 2026
"2026 YIT Framework Agreement For Coal Sales"	the 2026 YIT framework agreement for coal sales between the Company and YIT on 25 August 2026 in relation to the sale of coal by the Yancoal Group to YIT and/or its associates (excluding the Yankuang Energy Group) for the period from 1 November 2026 to 31 December 2026

"2027 Yankuang Energy Framework Agreement For Coal Sales"	the 2027 Yankuang Energy framework agreement for coal sales between the Company and Yankuang Energy in relation to the sale of coal by the Yancoal Group to Yankuang Energy and/or its subsidiaries (excluding the Yancoal Group) for a term commencing on 1 January 2027 and ending on 31 December 2029
"2027 YIT Framework Agreement For Coal Sales"	the 2027 YIT framework agreement for coal sales between the Company and YIT in relation to the sale of coal by the Yancoal Group to YIT and/or its associates (excluding the Yankuang Energy Group) for a term commencing on 1 January 2027 and ending on 31 December 2029
"Acquisition"	the acquisition of Kestrel Coal Group Pty Ltd, which was announced by the Company on 14 April 2026
"ASX"	the Australian Securities Exchange
"ASX Listing Rules"	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
"Board"	the board of Directors
"Coal Sales Transactions"	the coal sales transactions contemplated under the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the Proposed Coal Sales Agreements and the Proposed MOU)
"Company"	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
"connected person"	has the meaning ascribed to it under the Hong Kong Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Hong Kong Listing Rules

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"Corporations Act"	the Corporations Act 2001 (Cth) of Australia
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider, and if thought fit, to approve the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps), the Proposed Coal Sales Agreements and the Proposed MOU, the provision of the Financial Assistance, and the election of Ms. Ping Nie as a Non-executive Director of the Company, or any adjournment thereof
"HII"	Shandong Energy (Hainan) Intelligent International Technology Co., Ltd, a company with limited liability incorporated under the laws of PRC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
"Independent Board Committee"	the independent board committee of the Company comprising all of the Independent Non-executive Directors
"Independent Expert" or **"Lonergan Edwards"**	Lonergan Edwards & Associates Limited
"Independent Financial Adviser" or **"Ignite Capital"**	Ignite Capital (Asia Pacific) 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 2027 Yankuang Energy Framework Agreement For Coal Sales, 2027 YIT Framework Agreement For Coal Sales and the annual caps

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"Independent Shareholders"	the Shareholders whose votes in favour of the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales (including the transactions contemplated thereunder and the relevant annual caps), the Proposed Coal Sale Agreements and the Proposed MOU are not to be disregarded
"Kestrel Coal Mine"	the Kestrel coal mine, an underground long wall metallurgical coal mine located in the Bowen Basin, in central Queensland, Australia
"Notice of Meeting"	the notice of the EGM
"PRC"	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
"Proposed Coal Sales Agreements"	the agreements for the sale of coal entered into between the Company and each of YIT, YLHK and HII, respectively, pursuant to the 2027 Yankuang Energy Framework Agreement For Coal Sales and the 2027 YIT Framework Agreement For Coal Sales
"Proposed MOU"	the memorandum of understanding entered into between the Company and SETI pursuant to the 2027 YIT Framework Agreement For Coal Sales
"SETI"	Shandong Energy Group Theme International Trading Co., Ltd, a company with limited liability incorporated under the laws of PRC
"Shandong Energy"	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
"Shares"	the shares of the Company
"Shareholder(s)"	holder(s) of Share(s)
"subsidiary(ies)"	has the meaning ascribed thereto under the Hong Kong Listing Rules

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"Target"	Kestrel Coal Group Pty Ltd, a company incorporated in Australia with limited liability
"Target Group"	the Target and its subsidiaries
"Yancoal Group"	the Company and its subsidiaries
"Yankuang Energy"	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
"Yankuang Energy Group"	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
"YLHK"	Yankuang Lucky (HK) Limited, a company with limited liability incorporated under the laws of Hong Kong
"%"	per cent.

By order of the Board
Yancoal Australia Ltd
Gang RU
Chairman

Hong Kong, 23 October 2026

As of the date of this announcement, the executive Director is Mr. Ning Yue, the non-executive Directors are Mr. Gang Ru, Mr. Jiuhong Wang, Mr. Xiaolong Huang, Mr. Zhiguo Zhao and Ms. Ping Nie and the independent non-executive Directors are Mr. Gregory James Fletcher, Ms. Debra Anne Bakker and Mr. Peter Andrew Smith.

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