

# YANCOAL AUSTRALIA LTD

## NOTICE OF 2019

## ANNUAL GENERAL MEETING



(Incorporated in Victoria, Australia with limited liability)

Australian stock code: YAL

Hong Kong stock code: 3668

Notice is given that the 2019 Annual General Meeting (AGM) of Yancoal Australia Ltd (Yancoal or Company) will be held at 11.00am (AEST) (being 9.00am (HKT)) on Friday, 31 May 2019 in the Function Room at Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney NSW 2000, Australia. Registration will commence at 10.30 am (AEST).

**1**  
YANCOAL  
NOTICE OF  
MEETING  
2019

### BUSINESS

#### Item 1: Financial Statements and Reports

To receive and consider the Financial Report of the Company and its controlled entities and the Reports of the Directors and the Auditor for the financial year ended 31 December 2018.

#### Item 2: Election and re-election of Directors

To consider and, if thought fit, pass the following resolutions as ordinary resolutions (each as a separate resolution):

Item 2(a): Re-election of Cunliang Lai as a non-executive Director

That Cunliang Lai, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a non-executive Director of the Company.

Item 2(b): Re-election of Fuqi Wang as a non-executive Director

That Fuqi Wang, who retires from the office of Director, and being eligible, offers himself for re-election, be re-elected as a non-executive Director of the Company.

Item 2(c): Election of Fucun Wang as an executive Director

That Fucun Wang, who was appointed as a Director on 8 June 2018, and being eligible, offers himself for election, be elected as an executive Director of the Company.

Information about the above candidates appears in the Explanatory Notes.

#### Item 3: Remuneration Report

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the Remuneration Report for the year ended 31 December 2018 and as set out in the 2018 Annual Report on pages 68 to 82 (inclusive) be adopted.

**Note:** In accordance with section 250R(3) of the Corporations Act 2001 (Cth) (**Corporations Act**), the vote on this resolution is advisory only and does not bind the Directors or the Company.

**Voting exclusion statement in respect of Item 3:** The Company will disregard any votes cast on Item 3:

- by or on behalf of a member of the Key Management Personnel (KMP) named in the Remuneration Report for 2018 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the KMP at the date of the AGM or their closely related parties,

unless the vote is cast as proxy:

- for a person entitled to vote on Item 3 in accordance with the direction on the proxy form specifying how the proxy is to vote; or
- by the Chairman of the AGM for a person entitled to vote on Item 3 pursuant to an express authorisation in the proxy form to vote as the Chairman sees fit (even though the resolution is connected directly or indirectly with the remuneration of the KMP).

'Closely related party' is defined in the Corporations Act and includes a spouse, dependent and certain other close family members, of the KMP, as well as any companies controlled by the KMP.

Information about this resolution appears in the Explanatory Notes.

#### Item 4: Amendment to Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

that, the constitution of the Company (**Constitution**) be amended by:

- replacing the reference to “40%” with “50%”;
- including the phrase “or 50% of the free cash flow (pre-Abnormal Items), whichever is higher” after the bracketed phrase “(pre-Abnormal Items)”; and
- inserting a sentence which defines “free cash flow” at the end of the paragraph,

in rule 4.1(a)(1), so that the rule reads:

*“(a) Subject in each case to applicable laws, the ongoing cash needs of the business, the statutory and common law duties of the directors and the shareholders’ rights under rule 7.10, the directors may pay interim and/or final dividends, and must:*

- (1) subject to rule 4.1(a)(2), pay as interim and/or final dividends not less than (A) 50% of net profit after tax (pre-Abnormal Items); or (B) 50% of the free cash flow (pre-Abnormal Items), whichever is higher in each financial year; and*
- (2) if the directors determine that it is necessary in order to prudently manage the company’s financial position, pay as interim and/or final dividends not less than 25% of net profit after tax (pre-Abnormal Items) in any given financial year.*

*“Free cash flow” for the purpose of rule 4.1(a)(1) is the net cash inflow from operating activities less payments made for capital expenditure and exploration activities.”*

Information about the amendment to the Constitution appears in Explanatory Notes.

#### Item 5: Authorisation to fix Directors’ remuneration

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

that, for all purposes, the board of Directors (**Board**) be authorised to fix the Directors’ remuneration for the year ending 31 December 2019.

Information about this resolution appears in the Explanatory Notes.

#### Item 6: Reappointment of Auditor and authorisation to fix Auditor’s remuneration

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

that ShineWing Australia be reappointed as the independent auditor of the Company and that the Board is authorised to fix the auditor’s remuneration for the year ending 31 December 2019.

Information about this resolution appears in the Explanatory Notes.

#### Item 7: General mandate to issue shares

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

that:

- (1) subject to paragraph 7(3) below, and subject to compliance with the prevailing requirements under relevant laws, rules and regulations, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue or otherwise deal with additional shares of the Company (**Shares**) or securities convertible into Shares, and to make or grant offers, agreements and/or options (including bonds, warrants and debentures convertible into Shares) which may require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (2) the approval in paragraph 7(1) above shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements and/or options which may require the exercise of such powers after the end of the Relevant Period;
- (3) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors during the Relevant Period pursuant to paragraph 7(1) above, otherwise than pursuant to (1) a Rights Issue (as hereinafter defined) or (2) the grant or exercise of any option under the option scheme of the Company or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; or (3) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Constitution in force from time to time; or (4) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any existing convertible notes issued by the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into Shares, subject to compliance with the prevailing requirements under relevant laws, rules and regulations, shall not exceed 20% of the total number of issued Shares as at the date of passing this resolution and the said approval shall be limited accordingly; and
- (4) for the purpose of this resolution:
  - (A) “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
    - (a) the conclusion of the next annual general meeting of the Company;
    - (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Constitution of the Company to be held; or
    - (c) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

- (B) “Rights Issue” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares whose names appear on the register of members on a fixed record date in proportion to their holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or, having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the exercise or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, any recognised regulatory body or any stock exchange applicable to the Company).

Information about this resolution appears in the Explanatory Notes.

#### Item 8: General mandate to repurchase shares

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

that:

- (1) subject to paragraph 8(2) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited (**Stock Exchange**) or on any other stock exchange on which the Shares may be listed and recognized for this purpose by The Securities and Futures Commission of Hong Kong (**Commission**) and the Stock Exchange and, subject to and in accordance with all applicable laws, the Code on Share Buy-backs issued by the Commission and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and is hereby generally and unconditionally approved;
- (2) the aggregate number of the Shares, which the Company is authorised to repurchase pursuant to the approval in paragraph 8(1) above shall not exceed 10% of the total number of issued Shares at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (3) subject to the passing of each of the paragraphs 8(1) and 8(2) of this resolution, any prior approvals of the kind referred to in paragraphs 8(1) and 8(2) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (4) For the purpose of this resolution:  
“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (a) the conclusion of the next annual general meeting of the Company;
  - (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws or the Constitution of the Company to be held; or
  - (c) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company in general meeting.

Information about this resolution appears in the Explanatory Notes.

#### Item 9: Extension of general mandate to add the number of repurchased shares

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

that conditional upon the resolutions numbered 7 and 8 as set out in the notice convening this meeting being passed, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares and to make or grant offers, agreements and options which may require the exercise of such powers pursuant to the ordinary resolution numbered 7 above be and is hereby extended by the addition to the aggregate number of Shares which may be allotted by the Directors pursuant to such general mandate of the aggregate number of Shares repurchased by the Company under the authority granted pursuant to ordinary resolution numbered 8 as set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the total number of issued Shares at the date of passing of this resolution.

Information about this resolution appears in the Explanatory Notes.

By order of the Board



**Baocai Zhang**  
Chairman

# INFORMATION FOR SHAREHOLDERS

## ELIGIBILITY TO VOTE

In order to qualify for attending and being eligible to vote at the AGM convened by this Notice:

- (a) in respect of those shareholders whose ordinary shares in the Company are traded on the Australian Securities Exchange, you must be a registered holder of Yancoal shares as at the Record Time (as defined below); and
- (b) in respect of those shareholders whose ordinary shares in the Company are traded on the Stock Exchange of Hong Kong Limited, all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited located at Shops 1712-1716 Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 7.00pm (AEST) (being 5.00pm (HKT)) on Monday 27 May 2019 (the **Record Time**).

The Corporations Regulations 2001 and the ASX Settlement Operating Rules 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 AGM will be as set out above, which will fall on the fourth business day before the AGM. This is earlier than what shareholders and investors of the Company in Australia may be accustomed to.

Accordingly, share transfers registered after the Record Time will be disregarded in determining entitlements to vote at the AGM.

In this Notice, references to shareholders are references to holders of ordinary shares in the Company.

## VOTING

A shareholder that is an individual may attend and vote in person at the AGM. Please arrive 30 minutes prior to the start of the AGM to facilitate the registration process. Otherwise, a shareholder may appoint a proxy or, if he or she holds two or more shares, up to two proxies to attend and vote on his/her behalf, as outlined below.

A shareholder or proxy that is a body corporate may appoint an individual to act as its representative to vote at the AGM in accordance with section 250D of the Corporations Act. The appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission to the AGM. A form of the certificate may be obtained from [www.computershare.com](http://www.computershare.com).

If two or more persons are joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names stand in the principal or branch register of members of the Company in respect of the joint holding.

## PROXIES AND ATTORNEYS

- (1) If you are entitled to vote but do not wish to attend the AGM, you may appoint a proxy to attend and vote on your behalf. A body corporate that is a shareholder may also appoint a proxy to attend and vote on its behalf. A proxy need not be a shareholder.
- (2) If you are entitled to cast two or more votes, you are entitled to appoint up to two proxies to attend the AGM and vote on your behalf and you may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment does not so specify, each proxy may exercise half the votes. Fractions of votes will be disregarded.
- (3) Where a shareholder appoints 2 proxies or 2 attorneys, neither proxy or attorney is entitled to vote on a show of hands, and on a poll, each proxy or attorney may only exercise votes in respect of those shares or voting rights the proxy or attorney represents.
- (4) To be effective, the Company must receive the completed proxy form and, if the form is signed by the shareholder's attorney, the authority under which the proxy form is signed (or a certified copy of the authority) by **no later than 48 hours before the time appointed for the holding of the AGM (i.e. not later than 11.00am (AEST) (being 9.00am (HKT)) on Wednesday, 29 May 2019)**. Any proxy form received after that time will not be valid for the AGM.
- (5) The completion and return of the proxy form shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
- (6) The proxy form accompanying this Notice of Meeting can be used to appoint a proxy.
- (7) Proxy forms (and any power of attorney or certified copy of that power under which they are signed) may be lodged with Computershare:

**for shareholders whose ordinary shares in the Company are traded on the Australian Securities Exchange**

- (a) **by mail, to:**  
Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne Victoria 3001, Australia
- (b) **in person, at:**  
Computershare Investor Services Pty Limited  
Level 4, 60 Carrington Street, Sydney NSW 2000, Australia
- (c) **by facsimile:**  
1800 783 447 (within Australia)  
+ 61 3 9473 2555 (outside Australia)
- (d) **online via [www.investorvote.com.au](http://www.investorvote.com.au)**  
You will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on your proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.  
  
A proxy cannot be appointed electronically by a person appointed by a shareholder under a Power of Attorney or similar authority.

Intermediaries with access to Intermediary Online through Computershare Investor Services Pty Limited should lodge their votes through [www.intermediaryonline.com](http://www.intermediaryonline.com).

**for shareholders whose ordinary shares in the Company are traded on The Stock Exchange of Hong Kong Limited**

**(a) by mail, to:**

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

**(b) in person, at:**

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

**(c) by facsimile:**

+ 852 2865 0990/+852 2529 6087  
(within Hong Kong)  
+ 61 3 9473 2555 (outside Hong Kong)

**Other alternatives**

Alternatively, proxy forms may be lodged with the Company:

**(a) by mail, to the attention of the Company Secretary, at:**

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

**(b) by facsimile, to the attention of the Company Secretary, on:**

+ 61 2 8583 5399

- (8) Proxies given by corporate holders of ordinary shares must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.
- (9) A proxy may decide whether to vote on any motion, except where the proxy is required by law to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction.
- (10) If your appointed proxy does not attend the AGM or does not vote on a poll in accordance with your directions, the Chairman of the AGM will become your proxy and will vote in accordance with any of your directions.
- (11) If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit (subject to any applicable voting exclusions).
- (12) The appointment of a proxy or attorney is not revoked by the appointer attending and taking part at the AGM, but if the appointer votes on a resolution, the proxy or attorney is not entitled to vote, and must not vote, as the appointer's proxy or attorney on the resolution.

- (13) If the Chairman of the AGM is your proxy and you do not specify how your proxy is to vote on an item of business, then by completing and submitting a proxy form you will be expressly authorising the Chairman to exercise your proxy as the Chairman sees fit in relation to adoption of the Remuneration Report (Item 3) even though Item 3 is connected with the remuneration of the key management personnel of the Company. If you wish to appoint the Chairman as proxy with a direction how to vote on an item of business, including Item 3, you should specify this by completing the "For", "Against" or "Abstain" boxes on the proxy form.
- (14) The Chairman of the AGM intends to vote all undirected proxies in favour of each item of business.

**QUESTIONS AND COMMENTS BY SHAREHOLDERS**

The Chairman of the AGM will allow a reasonable opportunity for shareholders to ask questions about or make comments on the management of the Company at the AGM. Shareholders may also submit a written question to the Board. Your questions should relate to matters that are relevant to the business of the AGM, as outlined in this Notice of Meeting and Explanatory Notes.

Similarly, a reasonable opportunity will be given to shareholders to ask the Company's external auditor, ShineWing Australia, questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to ShineWing Australia (via the Company) if the question is relevant to:

- the content of ShineWing Australia's audit report; or
- the conduct of its audit of the Company's annual financial reports for the year ended 31 December 2018.

ShineWing Australia will either answer the relevant questions at the AGM or table written answers to them at the AGM. If written answers are tabled at the AGM, they will be made available to shareholders as soon as practicable after the AGM, on the Company's website, [www.yancoal.com.au](http://www.yancoal.com.au). A list of those relevant written questions will be made available to shareholders attending the AGM.

Please send any relevant questions for the Board or ShineWing Australia **by 5.00pm (AEST) (3.00pm (HKT)) on Wednesday, 22 May 2019** to:

- Computershare (Computershare's contact details are set out on pages 4 and 5 of this Notice); or
- Yancoal Australia Ltd at its registered office, Level 18, Darling Park Tower 2, 201 Sussex Street, Sydney NSW 2000, Australia, marked for the attention of the Company Secretary.



During the course of the AGM, the Chairman will endeavour to address as many of the more frequently raised shareholder questions as reasonably practicable and, where appropriate, will give a representative of ShineWing Australia the opportunity to answer relevant written questions submitted to the Auditor. However, there may not be sufficient time available at the AGM to address all questions. Please note that individual responses may not be sent to shareholders.

## REQUIRED MAJORITY

The resolutions described in Items 2, 3, and 5, 6, 7, 8 and 9 of the Business section of this Notice are ordinary resolutions. Each will be passed if more than 50% of votes cast by shareholders entitled to vote on the resolution are cast in favour of the resolution.

The resolution described in Item 4 of the Business section of this Notice is a special resolution. It will be passed if at least 75% of votes cast by ordinary shareholders entitled to vote on the resolution are cast in favour of the resolution.

## CHINESE TRANSLATION

The translation into Chinese language of this Notice is for reference only. In case of any inconsistency, the English version shall prevail.

**As of the date of this notice, the executive Director is Mr. Fucun Wang, the non-executive Directors are Mr. Baocai Zhang, Mr. Cunliang Lai, Mr. Xiangqian Wu, Mr. Fuqi Wang, Mr. Qingchun Zhao and Mr. Xing Feng and the independent non-executive Directors are Mr. Gregory James Fletcher, Dr. Geoffrey William Raby, Mr. David James Moulton and Ms. Helen Jane Gillies.**

# EXPLANATORY NOTES

The Explanatory Notes form part of the Notice of Meeting and have been prepared to assist shareholders to understand the business to be put to the shareholders at the AGM.

## Item 1: Financial Statements and Reports

The financial statements and reports relate to the period from 1 January 2018 to 31 December 2018.

The Corporations Act requires the Financial Report (which includes the financial statements and notes, and the Directors' Declaration), the Directors' Report and Auditor's Report to be laid before the AGM.

There is no requirement in the Corporations Act for shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Pursuant to Rule 7.10 of the Company's Constitution, the Company's majority shareholder, Yanzhou Coal Mining Company Limited (**Yanzhou**), has approved the financial statements of the Company in writing.

Shareholders will, however, be given a reasonable opportunity at the AGM to ask questions and make comments on these reports and on the business and operations of the Company. Shareholders will also be able to ask questions of the Auditor, ShineWing Australia.

The documents are available on the Company's website at [www.yancoal.com.au](http://www.yancoal.com.au).

## Item 2: Election and re-election of Directors

The Company must hold an election of Directors each year in accordance with ASX Listing Rule 14.5. Further, in accordance with ASX Listing Rule 14.4, and Rule 8.1(c) and 8.1(d) of the Company's Constitution, a Director appointed by the Directors only holds office until the conclusion of the next general meeting following his or her appointment; and a Director must not hold office (without re-election) beyond the third annual general meeting following the meeting at which the Director was elected or re-elected.

Additionally, the Board has a practice that approximately one third of the Board will retire and seek re-election, so as to prevent a disproportionate number of Directors standing for re-election at future annual general meetings.

Fuqi Wang and Cunliang Lai were both elected and re-elected on 31 May 2016 and have not been subsequently re-elected. Therefore, they are required to seek re-election in accordance with ASX Listing Rule 14.4, code provision A.4.2 of Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (**HK Listing Rules**) and Rule 8.1(d) of the Company's Constitution.

Under ASX Listing Rule 14.4, code provision A.4.2 of Appendix 14 to the HK Listing Rules and Rule 8.1(c) of the Constitution, if a Director was appointed by the Board to fill a casual vacancy since the last AGM, the Director only holds office until the end of the next general meeting following his or her appointment. Fucun Wang was appointed to the Board on 8 June 2018 and is accordingly, required to stand for election at the AGM.

Below are biographical details for those Directors who are seeking election or re-election as Directors of the Company at the AGM.

Item 2(a): Re-election of Cunliang Lai as a non-executive Director

Cunliang Lai, DE, EMBA, aged 58

**Experience and expertise**

Mr Lai was appointed as a non-executive Director on 20 January 2014.

Mr Lai joined Yanzhou's predecessor in 1980. He was appointed as the head of Xinglongzhuang Coal Mine of Yanzhou in 2000. In 2005, he was appointed as the deputy general manager of Yanzhou. Before the merger with Gloucester Coal Ltd, Mr Lai was an executive Director of the Company and was appointed the Co-Vice Chairman and Chair of the Executive Committee in 2012. Mr Lai successfully completed the acquisition of the Austar Coal Mine and the establishment of an appropriate corporate governance structure for the Company. Mr Lai has also successfully applied the Longwall Top Coal Caving technology in Australia and has gained considerable experience in Australian coal business management.

Mr Lai graduated from Nankai University and the Coal Science Research Institute. He is a researcher in engineering technology application with a Doctorate in Engineering and an EMBA degree.

**Other positions with the Company or any of its subsidiaries**

None

**Other current key directorships**

None

**Former directorships in other listed companies in last three years and other major appointment and professional qualifications**

Director of Bauxite Resources Limited (ASX:BAU) (7 March 2014 – 21 January 2016)

**Interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (SFO)**

None

**Service terms with the Company**

Mr Lai's directorship is subject to retirement by rotation and re-election at least once every three years at the AGM in accordance with Rule 8.1(d) of the Constitution. During the year ended 31 December 2018, Mr Lai did not receive any director's fee or remuneration package as a non-executive Director.

Mr Lai does not have any relationship with any other directors, senior management or substantial shareholder or controlling shareholder of the Company.

In addition, there are no other matters that need to be brought to the attention of the shareholders nor is there any other information required to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the HK Listing Rules.

**Recommendation**

The Board (with Cunliang Lai abstaining) unanimously recommends that shareholders vote in favour of the re-election of Cunliang Lai.

Item 2(b): Re-election of Fuqi Wang as a non-executive Director

Fuqi Wang, ME, EMBA, aged 54

**Experience and expertise**

Mr Wang was appointed as a non-executive Director on 23 April 2015.

Mr Wang is a research fellow in applied engineering technology with an EMBA degree and Master of Engineering, and serves as the Chief Engineer of Yanzhou. Mr. Wang joined Yanzhou's predecessor in 1985. In 2000, he was appointed as the chief engineer of production and technology division of Yankuang Group Company Limited (**Yankuang**) and its subsidiaries (collectively, **Yankuang Group**). In 2002, he served as the director of Production and Technique Department of Yanzhou. In 2003, he was appointed as the deputy chief engineer and director of Production and Technique Department of Yanzhou. In March 2004, he was appointed as the chief engineer of Yanzhou. Mr. Wang graduated from Northeastern University and Nankai University.

**Other positions with the Company or any of its subsidiaries**

Member of the Health, Safety and Environment Committee

Member of the Strategy and Development Committee

**Other current key directorships**

Director of Yanmei Heze Neng Hua Co., Ltd

Director of Shanxi Future Energy Chemical Co. Ltd.

**Former directorships in other listed companies in last three years and other major appointment and professional qualifications**

None

**Interests in the shares of the Company within the meaning of Part XV of the SFO**

None

**Service terms with the Company**

Mr Wang's directorship is subject to retirement by rotation and re-election at least once every three years at the AGM in accordance with Rule 8.1(d) of the Constitution. During the financial year ended 31 December 2018, Mr Wang did not receive any director's fee or remuneration package as a non-executive Director.

Mr Wang does not have any relationship with any other Directors, senior management or substantial shareholder or controlling shareholder of the Company.

In addition, there are no other matters that need to be brought to the attention of the shareholders nor is there any other information required to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the HK Listing Rules.

**Recommendation**

The Board (with Fuqi Wang abstaining) unanimously recommends that shareholders vote in favour of the re-election of Fuqi Wang.

Item 2(c): Election of Fucun Wang as an executive Director  
Fucun Wang, MBA, aged 55

**Experience and expertise**

Mr Fucun Wang was appointed as a non-executive Director on 8 June 2018 and was subsequently redesignated to an executive Director on 26 June 2018.

Mr Wang started his career in July 1983. Mr Wang is a senior statistician. He is currently the deputy chief economist of Yankuang Group and concurrently serves as the head of the Investment and Development Department and the director of the Strategic Planning and Decision Centre of Yankuang Group. Mr Wang successively served as the deputy director of Planning Department, the Deputy Director and Director of the Department of Planning and Development of Yankuang Group previously.

Mr Wang holds a Master degree and completed an Executive Master of Business Administration degree from Hebei Industrial University in China in June 2014.

**Other positions with the Company or any of its subsidiaries**

Co-Vice Chairman of the Board  
Chairman of the Executive Committee  
Member of Health, Safety and Environment Committee

**Other current key directorships**

Director of various subsidiaries of Yancoal Australia Ltd

**Former directorships in other listed companies in last three years and other major appointment and professional qualifications**

None

**Interests in the shares of the Company within the meaning of Part XV of the SFO**

As at the Latest Practicable Date, Mr Wang was granted 196,735 Long Term Incentive Performance Rights (**LTIP Rights**) and 63,128 Short Term Incentive Performance Rights (**STIP Rights**) under the Company's Equity Incentive Plan. If the LTIP Rights vest, and are exercised and settled in Shares, Mr Wang will become entitled to receive 1 Share for each LTIP Right. If the STIP Rights vest, and are exercised and settled in Shares, Mr Wang will become entitled to receive 1 Share for each STIP Right.

**Service terms with the Company**

Mr Wang has entered into an Executive Service Agreement with the Company for an unlimited term and his directorship is subject to election at this proposed AGM after he was newly appointed in accordance with Rule 8.1(c) of the Constitution. During the financial year ended 31 December 2018, Mr Wang did not receive any director's fee as an Executive Director. As an Executive Key Management Personnel (Executive KMP), Mr Wang received a remuneration package comprising a combination of cash salary, bonus, other short-term, long-term and post-employment benefits, as set out in the Annual Report published on or about the date on which this Notice of Meeting was published. The Executive Service Agreement entered into by Mr Wang, is the basis for his remuneration. All remuneration received during the financial year ended 31 December 2018 was covered by the Executive Service Agreement.

Mr Wang does not have any relationship with any other directors, senior management or substantial shareholder or controlling shareholder of the Company.

In addition, there are no other matters that need to be brought to the attention of the shareholders nor is there any other information required to be disclosed pursuant to the requirements under Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

**Recommendation**

The Board (with Fucun Wang abstaining) unanimously recommends that shareholders vote in favour of the election of Fucun Wang.

**Item 3: Remuneration Report**

The Board submits its Remuneration Report for the year ended 31 December 2018 to shareholders for consideration and adoption by way of non-binding resolution.

The Remuneration Report is set out on pages 68 to 82 (inclusive) of the 2018 Annual Report. This report can also be found on the Company's website at [www.yancoal.com.au](http://www.yancoal.com.au). The report:

- explains the Company's remuneration principles relating to the nature and amount of the remuneration of directors and senior executives of the Company; and
- sets out the remuneration details for each director and for each relevant executive of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM.

The vote on the Remuneration Report is advisory only and will not bind the Company.

A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

**Recommendation**

The Board recommends that shareholders vote in favour of the adoption of the Remuneration Report.



#### Item 4: Amendment to Constitution

Reference is made to the announcement of the Company made on or about the date of this Notice, wherein the Company announced that the Board has approved the proposed amendment set out below.

Shareholder approval is sought for an amendment to the Constitution. Under section 136 of the Corporations Act, a Company must have shareholder approval by way of special resolution to modify its constitution. This will require approval of 75% of the votes cast by shareholders entitled to vote on the resolution in order to be passed. This requirement is also set out in Rule 7.10(b)(1) of the Constitution.

Accordingly, Item 4 seeks shareholder approval to adopt the amendment to the Constitution set out below.

Before amendment	After amendment
<p><b>Rule 4.1(a)</b></p> <p>Subject in each case to applicable laws, the ongoing cash needs of the business, the statutory and common law duties of the directors and the shareholders' rights under rule 7.10, the directors may pay interim and/or final dividends, and must</p> <p>(1) subject to rule 4.1(a)(2), pay as interim and/or final dividends not less than 40% of net profit after tax (pre-Abnormal Items) in each financial year; and</p> <p>(2) if the directors determine that it is necessary in order to prudently manage the company's financial position, pay as interim and/or final dividends not less than 25% of net profit after tax (pre-Abnormal Items) in any given financial year.</p>	<p><b>Rule 4.1(a)</b></p> <p>Subject in each case to applicable laws, the ongoing cash needs of the business, the statutory and common law duties of the directors and the shareholders' rights under rule 7.10, the directors may pay interim and/or final dividends, and must</p> <p>(1) subject to rule 4.1(a)(2), pay as interim and/or final dividends not less than <b>(A) 50% of net profit after tax (pre-Abnormal Items); or (B) 50% of the free cash flow (pre-Abnormal Items), whichever is higher</b> in each financial year; and</p> <p>(2) if the directors determine that it is necessary in order to prudently manage the company's financial position, pay as interim and/or final dividends not less than 25% of net profit after tax (pre-Abnormal Items) in any given financial year.</p> <p><b><u>"Free cash flow" for the purposes of rule 4.1(a)(1) is the net cash inflow from operating activities less payments made for capital expenditure and exploration activities.</u></b></p>

#### Effect of amendment

It is proposed that Rule 4.1(a)(1) of the Constitution be amended so that the Directors may pay interim and/or final dividends, and must, subject to Rule 4.1(a)(2), pay interim and/or final dividends not less than 50% (instead of 40%) of net profit after tax (pre-Abnormal Items) or 50% of the free cash flow in each financial year, whichever is higher. Under the Constitution, the meaning of "Abnormal Items" is defined as including, but not limited to, unrealised foreign exchange gains or losses on foreign currency denominated borrowings.

Under the proposed amendment to the Constitution, the meaning of "free cash flow" is proposed to be net cash inflow less payments made for capital expenditure and exploration activities.

#### Reasons for amendment

The reason for the proposed amendment is to align the Constitution to the Company's current dividend policy.

Notwithstanding this proposed amendment to the Constitution, the Board's decision to ultimately pay a dividend remains subject to applicable laws, the ongoing cash needs of the business, the duties of the Directors and the requirement of obtaining shareholder approval in accordance with Rule 7.10(b)(6) of the Constitution. Accordingly, the Board may still decide to pay interim and final dividends that represent greater than or less than the amount determined in accordance with rule 4.1(a)(1) of the Constitution.

#### Recommendation

The Board recommends that shareholders vote in favour of this resolution.

#### Item 5: Authorisation to fix Directors' remuneration

Shareholder's approval is sought by way of ordinary resolution for authorising the Directors to fix the amount of a Director's remuneration for the year ending 31 December 2019.

#### Reasons for resolution

In accordance with Rule 7.10(b)(10) of the Constitution, the shareholders have the power to fix the Directors' remuneration and in accordance with Rule 7.10(d), the shareholders may instruct the Board to do so by a resolution of the Company or by members holding a majority of shares conferring a right to vote, in writing. The Directors consider that the authorisation will provide the Company flexibility in fixing Directors' remuneration.

Remuneration for non-executive directors is currently capped for each financial year for the purposes of ASX Listing Rule 10.17. This proposed resolution does not seek to increase the aggregate amount of remuneration payable to non-executive directors in the upcoming financial year, and as such, will not affect the remuneration cap in place for the purposes of ASX Listing Rule 10.17.

**Recommendation**

The Board recommends that shareholders vote in favour of this resolution.

**Item 6: Reappointment of Auditor and authorisation to fix Auditor's remuneration**

Shareholder's approval is sought by way of ordinary resolution for the re-appointment of ShineWing Australia as the independent auditor of the Company and authorising the Directors to fix the amount of the Auditor's remuneration for the year ending 31 December 2019.

**Reasons for resolution**

In accordance with HK Listing Rule 13.88, the Company must at each annual general meeting appoint an auditor to hold office from the conclusion of that meeting until the next annual general meeting. In accordance with Rule 7.10(b)(11) of the Constitution, the shareholders have the power to fix the auditor's remuneration and in accordance with Rule 7.10(d), the shareholders may instruct the Board to do so by a resolution of the Company. The reason for this resolution is to comply with the requirement under HK Listing Rule 13.88 and the Directors consider that the authorisation will provide the Company with flexibility in fixing auditor's remuneration.

**Recommendation**

The Board recommends that shareholders vote in favour of this resolution.

**Item 7: General mandate to issue shares**

As of the date of this notice, the Company does not have any existing mandate approved by its shareholders at an annual general meeting to issue Shares. Shareholders' approval is sought by way of ordinary resolution for granting a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares in the share capital of the Company representing up to 20% of the total number of issued Shares immediately after the passing of the resolution in relation to such general mandate.

**Reasons for resolution**

The reason for this resolution is to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue new Shares. The Directors wish to state that they have no immediate plans to issue any new Shares pursuant to such general mandate.

As at 15 April 2019, the latest practicable date prior to the printing of this notice, for the purpose of ascertaining certain information contained in this notice (**Latest Practicable Date**), the number of Shares in issue was 1,320,439,437. Assuming no further Shares will be issued before the date of the AGM, the Directors would be granted a general mandate to issue up to a maximum of 264,087,887 Shares.

This resolution is commonly sought for companies publicly-listed in Hong Kong. Unless the Company obtains this general mandate, its ability to exercise its right to issue shares under ASX Listing Rule 7.1 without obtaining shareholder approval is limited. Regardless of the passing of this resolution, ASX Listing Rule 7.1 will continue to apply to the Company (the Company is ineligible to seek shareholder approval under ASX Listing Rule 7.1A). This means that shareholder approval would be required for the issue of such number of shares as exceeded the 15% placement capacity which is set out in ASX Listing Rule 7.1. The Company confirms that it will comply with all regulatory requirements under the Corporations Act and with the relevant ASX Listing Rules if it were to issue shares that are not within the Company's capacity under ASX Listing Rule 7.1.

**Recommendation**

The Board recommends that shareholders vote in favour of this resolution.

**Item 8: General mandate to repurchase shares**

As of the date of this Notice, the Company does not have any existing mandate approved by its shareholders at an annual general meeting to repurchase Shares. Shareholder approval is sought by way of ordinary resolution for granting a general mandate to the Directors to repurchase shares not exceeding 10% of the total number of issued Shares as at the date of the relevant resolution approving such mandate (**Proposed Repurchase Mandate**) to the Directors to exercise the powers of the Company to repurchase shares representing up to 10% of the total number of issued shares immediately after the passing of the resolution in relation to the Proposed Repurchase Mandate.

**Explanatory statement and reasons for resolution****Share Capital**

As at the Latest Practicable Date, there were in issue a total of 1,320,439,437 Shares. Subject to the passing of the ordinary resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 132,043,943 Shares which represent 10% of the total number of issued Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required to be held by law or by the Constitution, or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in general meeting.

Rule 10.06(5) of HKEx Listing Rules provides that the listing of all shares purchased by the Company is automatically cancelled and that the certificates for those Shares must be cancelled and destroyed.

Any repurchase of Shares by the Company would also need to comply with the requirements imposed by the Corporations Act and the ASX Listing Rules, including the lodging of an Appendix 3C in relation to the proposed share buy-back.

#### *Reasons and funding of Repurchases*

The Directors believe that it is in the best interest of the Company and the shareholders as a whole, to seek the Proposed Repurchase Mandate from the shareholders to enable the Company to repurchase Shares on the Stock Exchange. The Directors have sought the grant of the proposed Repurchase Mandate to give the Company the flexibility to repurchase the Shares if and when appropriate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the shareholders as a whole.

Repurchases of Shares will be financed out of funds legally available for such purpose and in accordance with the Constitution, the Corporations Act, the ASX Listing Rules and HK Listing Rules. However, the Directors did not have a concrete plan to exercise the Proposed Repurchase Mandate as at the Latest Practicable Date and, accordingly, did not have the associated proposal on the source of funds to finance the repurchase, if any. When the Directors consider that it is appropriate and beneficial to the Company and the shareholders for them to exercise the Proposed Repurchase Mandate, the Directors will consider whether internal resources, loans or other forms of finance would be the most appropriate source of funds and, in this regard will take into account, among other things, the financial position of the Group and the costs of the funds.

At present, the Directors have no intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interest of the Company. There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements of the Company as at 31 December 2018, being the latest published audited financial statements of the Company), if the Share Repurchase mandate is exercised in full at any time. The Directors do not propose to exercise the mandate to repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### *General*

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates (as defined in the HK Listing Rules) have any present intention to sell any Shares to the Company or its subsidiaries in the event that the Proposed Repurchase Mandate is approved at the AGM and is exercised.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate in accordance with the HK Listing Rules and the applicable laws of Australia.

As at the Latest Practicable Date, no core connected person has notified the Company that he/she has a present intention to sell any Shares to the Company, or has undertaken not to do so, in the event that the Proposed Repurchase Mandate is approved at the AGM and is exercised.

If, as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers (**Takeovers Code**). Accordingly, a shareholder, or a group of shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and to the best knowledge and belief of the Directors, Yankuang is the shareholder of Yanzhou which directly holds a total of 822,157,715 Shares. As Yankuang is entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Yanzhou, Yankuang is taken to have an interest under the SFO in the same block of 822,157,715 Shares, representing approximately 62.26% of the issued Shares. In the event that the Directors should exercise in full the Proposed Repurchase Mandate, the shareholding of each of Yankuang and Yanzhou in the Company will be increased to approximately 69.18% of the issued Shares (if the present shareholding remains the same). Taking into account that each of Yankuang and Yanzhou is already holding more than 50% of the issued shares of the Company, it is not expected that the repurchase of Shares would give rise to a mandatory offer obligation under Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any other consequence which would arise under the Takeovers Code as a result of any repurchase of Shares pursuant to the Proposed Repurchase Mandate.

Rule 8.08(1)(a) of the HK Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. The Company obtained a waiver under Rule 8.08(1)(d) of the HK Listing Rules to accept a lower public float percentage and the Company's minimum public float is approximately 15.37%. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the Latest Practicable Date, the Company has maintained the minimum public float of approximately 15.37% under the Hong Kong Listing Rules. In the opinion of the Directors, the exercise of the Proposed Repurchase Mandate may reduce public float to below 15.37% of the total number of Shares in issue as approved by the Stock Exchange. At present, the Directors have no intention to repurchase Shares to such extent as to result in the number of Shares held in the hands of the public falling below the prescribed limit as approved by The Stock Exchange of Hong Kong Limited.

#### *Share Repurchase made by the Company*

No repurchase of Shares has been made by the Company (whether on the Stock Exchange, ASX Limited or otherwise) in the six months preceding the Latest Practicable Date.

*Share Prices*

The highest and lowest traded prices for the Shares recorded on the Stock Exchange during the period from 6 December 2018 (being the date on which the shares are listed on the Stock Exchange) (the **Listing Date**) up to and including the Latest Practicable Date were as follows:

Month	Highest traded prices HK\$	Lowest traded prices HK\$
<b>2018</b>		
December (since the Listing Date)	23.400	21.350
<b>2019</b>		
January	21.400	16.220
February	21.500	16.860
March	23.300	14.700
April (up to and including the Latest Practicable Date)	20.400	19.000

**Recommendation**

The Board recommends that shareholders vote in favour of this resolution.

**Item 9: Extension of general mandate to add the number of repurchased shares**

Shareholders' approval is sought by way of ordinary resolution for, subject to the passing of the resolutions numbered 7 and 8, extending the authority given to the Directors pursuant to resolution numbered 7 to issue Shares by adding the number of issued Shares repurchased under resolution numbered 8.

**Reasons for resolution**

The reason for this resolution is to ensure flexibility to the Directors to exercise the powers of the Company to allot and issue more Shares in the event that the Proposed Repurchase Mandate is exercised.

**Recommendation**

The Board recommends that shareholders vote in favour of this resolution.