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If you have sold or transferred all your shares in Yankuang Energy Group Company Limited*, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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兗礦能源集團股份有限公司

YANKUANG ENERGY GROUP COMPANY LIMITED*

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

(Stock Code: 01171)

- (1) PROPOSED PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2023;**
 - (2) PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS;**
 - (3) PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2024;**
 - (4) PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES;**
 - (5) PROPOSAL FOR THE PROVISION OF FINANCING GUARANTEES TO THE SUBSIDIARIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA;**
 - (6) PROPOSAL FOR THE GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE H SHARES;**
 - (7) PROPOSED STORAGE ISSUANCE OF CORPORATE BONDS AND RELEVANT AUTHORIZATION;**
- AND**
- (8) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RELEVANT RULES OF PROCEDURES**

The notice convening the AGM to be held at the headquarters of the Company at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 9:00 a.m. on Friday, 21 June 2024 was published on 22 May 2024.

Whether or not you are able to attend the meeting in person, you are strongly advised to complete and sign the form of proxy in accordance with the instructions printed thereon. The form of proxy shall be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the Office of the Secretary to the Board at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC (for holders of A Shares) as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting or any adjourned meeting (as the case may be).

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish.

For the avoidance of doubt, holders of any treasury Shares shall abstain from voting at the AGM in respect of any treasury Shares held by them, if any.

22 May 2024

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meaning:

“AGM”	the 2023 annual general meeting of the Company to be held at the headquarters of the Company, 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC at 9:00 a.m. on Friday, 21 June 2024;
“Articles of Association”	the articles of association of the Company;
“A Shareholders”	holders of A Shares;
“A Share(s)”	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules;
“AUD”	Australian dollars, the lawful currency of Australia;
“Board”	the board of Directors of the Company;
“Bonus A Share(s)”	the new A Share(s) to be allotted and issued under the Bonus Issue;
“Bonus H Share(s)”	the new H Share(s) to be allotted and issued under the Bonus Issue;
“Bonus Issue”	the proposed issue of Bonus Shares to Shareholders whose names appeared on the register of members of the Company on the Record Date on the basis of three (3) Bonus Shares for every ten (10) existing Shares, subject to the terms set out in this circular;
“Bonus Share(s)”	Bonus A Share(s) and Bonus H Share(s);
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	Yankuang Energy Group Company Limited* (兗礦能源集團股份有限公司), a joint stock limited company established under the laws of PRC in 1997, and the H Shares and A shares of which are listed on the Hong Kong Stock Exchange (01171.HK) and the Shanghai Stock Exchange (600188.SH), respectively;

DEFINITIONS

“Company Law”	Company Law of the People’s Republic of China, as revised from time to time;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“H Shareholders”	holders of H Shares;
“H Share(s)”	overseas-listed foreign-invested shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Latest Practicable Date”	17 May 2024, being the latest practicable date of ascertaining certain information contained in this circular before the issuing of this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;
“PRC”	the People’s Republic of China;
“Record Date”	Friday, 5 July 2024, being the record date for determining the Shareholders’ entitlements to the Bonus Shares and 2023 cash dividend;
“Relevant Rules of Procedures”	the Rules of Procedures of the Board;
“Repurchase Mandate”	subject to the conditions set out in each of the proposed special resolution approving the Repurchase Mandate at the AGM, the general mandate given to the Board to exercise the power to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares of the Company in issue (excluding any treasury Shares) as at the date of the passing of the resolution;
“RMB”	Renminbi, the lawful currency of the PRC;

DEFINITIONS

“SAFE”	the State Administration of Foreign Exchange of the People’s Republic of China;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shandong Energy”	Shandong Energy Group Company Limited* (山東能源集團有限公司), a state-controlled limited liability company which is ultimately owned as to 70%, 20%, and 10% by Shandong Provincial People’s Government State-owned Assets Supervision and Administration Commission* (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Holding Group Co., Ltd.* (山東國惠投資控股集團有限公司) and Shandong Caixin Assets Operation Co., Ltd.* (山東省財欣資產運營有限公司), respectively; and the controlling shareholder of the Company holding directly and indirectly approximately 54.57% of the total issued share capital of the Company as at the Latest Practicable Date;
“Shareholders”	the shareholders of the Company;
“Share(s)”	the ordinary share(s) of the Company;
“Supervisor(s)”	the supervisor(s) of the Company;
“Supervisory Committee”	the supervisory committee of the Company;
“treasury Shares”	has the meaning ascribed to it under the Listing Rules which will come into effect on 11 June 2024
“Yancoal Australia”	Yancoal Australia Limited, a controlled overseas subsidiary of the Company, the shares of which are listed on the Australian Stock Exchange (Stock Code: YAL) and the Hong Kong Stock Exchange (Stock Code: 03668);
“2023 Profit Distribution Plan”	the proposed profit distribution plan of the Company for the year 2023;
“%”	per cent.

* For identification purposes only

EXPECTED TIMETABLE

The expected timetable for, inter alia, the Bonus Issue is set forth below. Such expected timetable is indicative only and has been prepared on the assumption that all conditions of the Bonus Issue will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Latest time for lodging transfer documents of H Shares for entitlement to attend the AGM	4:30 p.m. on Thursday, 13 June 2024
Closure of the H Share register of members for determining H Shareholders' entitlement to attend the AGM	Friday, 14 June 2024 to Friday, 21 June 2024 (both days inclusive)
Latest time for lodging proxy forms for the AGM	9:00 a.m. on Thursday, 20 June 2024
AGM	9:00 a.m. on Friday, 21 June 2024
Publication of poll results announcement of the AGM	Friday, 21 June 2024
H Share register of members re-opens	Monday, 24 June 2024
Last day of dealings in H Shares on a cum-entitlement basis relating to the Bonus Issue and 2023 cash dividend	Tuesday, 25 June 2024
First day of dealings in H Shares on an ex-entitlement basis relating to the Bonus Issue and 2023 cash dividend	Wednesday, 26 June 2024
Latest time for lodging transfer documents of H Shares for entitlement to participate in the Bonus Issue and receive 2023 cash dividend	4:30 p.m. on Thursday, 27 June 2024
Closure of the H Share register of members for determining H Shareholders' entitlement to participate in the Bonus Issue and receive 2023 cash dividend	Friday, 28 June 2024 to Friday, 5 July 2024 (both days inclusive)
Record Date	Friday, 5 July 2024
H Share register of members re-opens	Monday, 8 July 2024

EXPECTED TIMETABLE

Expected date of dispatch of certificates for the Bonus H Shares
and distribution of 2023 final dividend Tuesday, 30 July 2024

Expected first day of listing of, and dealing in,
the Bonus H Shares 9:00 a.m. on
Wednesday, 31 July 2024

LETTER FROM THE BOARD



兗礦能源集團股份有限公司

YANKUANG ENERGY GROUP COMPANY LIMITED*

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

(Stock Code: 01171)

Directors:

Li Wei
Xiao Yaomeng
Liu Jian
Liu Qiang
Zhang Haijun
Su Li
Huang Xiaolong

Registered office:

949 South Fushan Road
Zoucheng
Shandong Province
PRC Postal Code: 273500

Principal place of business in Hong Kong:

40th Floor, Sunlight Tower
248 Queen's Road East
Wanchai
Hong Kong

Independent non-executive Directors:

Peng Suping
Zhu Limin
Woo Kar Tung, Raymond
Zhu Rui

22 May 2024

To the Shareholders

Dear Sir or Madam,

- (1) **PROPOSED PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2023;**
 - (2) **PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS;**
 - (3) **PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2024;**
 - (4) **PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES;**
 - (5) **PROPOSAL FOR THE PROVISION OF FINANCING GUARANTEES TO THE SUBSIDIARIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA;**
 - (6) **PROPOSAL FOR THE GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE H SHARES;**
 - (7) **PROPOSED STORAGE ISSUANCE OF CORPORATE BONDS AND RELEVANT AUTHORIZATION;**
- AND**
- (8) **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RELEVANT RULES OF PROCEDURES**

LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular is to provide you with information relating to (1) the proposed profit distribution plan of the Company for the year 2023; (2) the proposed renewal of liability insurance for Directors, Supervisors and senior officers of the Company; (3) the proposal for appointment of external auditing firm for the year 2024; (4) the proposal to authorize the Company to carry out domestic and overseas financing activities; (5) the proposal for the provision of financing guarantees to the Subsidiaries and granting of authorization to Yancoal Australia and its subsidiaries to provide guarantees for the daily operation of the subsidiaries of the Company in Australia; (6) the proposal for the general mandates to issue Shares and repurchase H Shares; (7) proposed storage issuance of corporate bonds and relevant authorization; and (8) the proposed amendments to the Articles of Association and Relevant Rules of Procedures.

II. PROPOSED PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2023

According to the Company Law and the Articles of Association, the Shareholders' meeting is responsible for considering and approving the Company's profit distribution plan. According to the resolution of the sixth meeting of the ninth session of the Board, the 2023 Profit Distribution Plan will be submitted as a special resolution for discussion and deliberation at the AGM. A brief of the 2023 Profit Distribution Plan is as follows:

Basis for the 2023 Profit Distribution Plan

Pursuant to the Company Law, Articles of Association, and the Company's 2023-2025 Profit Distribution Policy (as reviewed and approved by the 2023 first extraordinary general meeting of the Company on 27 October 2023):

- 1) The financial statements of the Company should be prepared in accordance with both PRC Accounting Standards and International Financial Reporting Standards. When the Company distributes the after-tax profits of the relevant financial year, the one with the smaller amount of after-tax profits in accordance with the aforementioned two financial statements shall prevail.
- 2) From 2023 to 2025, the total amount of cash dividends distributed by the Company each year shall account for approximately 60% of the Company's net profit after deducting the statutory reserves for that year, and the cash dividend per share shall not be less than RMB0.50.
- 3) Final dividends shall be distributed and paid once a year with a resolution passed by the general meeting of shareholders authorizing the Board to distribute and pay such dividend. The Company may conduct the profit distribution in the form of cash, shares or a combination of cash and shares.

LETTER FROM THE BOARD

2023 Profit Distribution Plan

In order to enhance shareholder returns and share with the Shareholders the stable profits attributing to the prosperity of the energy industry, based on the dividend situations of comparable companies in the same industry and the actual situation of the Company, the Board proposes the 2023 Profit Distribution Plan as follows:

1) Cash Dividend

The final dividend for the year 2023 is RMB1.30 (tax inclusive) per share and the special dividend is RMB0.19 (tax inclusive) per share based on the number of Shares on the Record Date, totally a distribution of cash dividend of RMB1.49 (tax inclusive) per share.

Based on the total number of 7,437,969,540 Shares in issue of the Company as at the Latest Practicable Date, the aggregate amount of cash dividend proposed to be distributed is about RMB11,082,574,615 (tax inclusive), which accounted for about 55.03% of the net profit attributable to the Shareholders in accordance with PRC Accounting Standards and account for about 59.98% of the Company's net profit after deducting the statutory reserves for the year ended 31 December 2023.

2) Bonus Issue

Bonus Shares will be issued to the Shareholders on the basis of three (3) Bonus Shares for every ten (10) Shares based on the number of shares on the Record Date.

Based on the total number of 7,437,969,540 Shares in issue of the Company as at the Latest Practicable Date, assuming no further Shares will be issued or repurchased before the Record Date, the aggregate amount of Bonus Shares proposed to be distributed is 2,231,390,862, comprising of 855,000,000 Bonus H Shares and 1,376,390,862 Bonus A Shares which will be issued under the Bonus Issue. Immediately upon completion of the Bonus Issue, the total number of Shares in issue of the Company will increase to 9,669,360,402 Shares, comprising of 3,705,000,000 H Shares and 5,964,360,402 A Shares.

(1) Conditions of the Bonus Issue

Completion of the Bonus Issue is conditional upon:

- (a) the Bonus Issue having been approved by the Shareholders by way of a special resolution at the AGM;
- (b) the Hong Kong Stock Exchange having granted the listing of, and the permission to deal in, the Bonus H Shares; and
- (c) the compliance with the relevant legal procedures and requirements under the Company Law to effect the Bonus Issue and approval of the Bonus Issue by the relevant authorities in the PRC (if so required).

LETTER FROM THE BOARD

As of the Latest Practicable Date, the Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividends.

(2) *Status of the Bonus Shares*

The Bonus Shares will rank pari passu in all respects with the Shares in issue on the date of the Bonus Issue. Holders of Bonus Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Bonus Shares are allotted and issued. The Bonus Issue should not result in any change to the rights of the Shares.

(3) *Fractional entitlements and odd lots arrangement*

Fractional A Shares arising from the Bonus Issue will be arranged in descending order based on the number of fractional Shares held by the Shareholders. If the fractional Shares are in equal number, the order will be arranged randomly by the electronic clearing system, and one Share will be registered in order by China Securities Depository and Clearing Corporation Limited, until the actual number of Bonus A Shares issued equals to the total number of Bonus A Shares to be issued under the Bonus Issue, specific details of which will be conclusively evidenced by the result announced by China Securities Depository and Clearing Corporation Limited.

The Bonus H Shares will be issued on a pro-rata basis and any fractional Shares (if any) will be rounded down to the nearest whole unit. No fractional Shares will be issued and distributed pursuant to the Bonus Issue, but will be aggregated and sold for the benefit of the Company.

In order to alleviate the problems in trading odd lots of H Shares arising from the Bonus Issue, the Company has appointed Computershare Hong Kong Investor Services Limited as an agent to provide matching services on a best effort basis to the H Shareholders who wish to top up or sell their holdings of odd lots of the H Shares during the period from Wednesday, 31 July 2024 to Tuesday, 20 August 2024, both days inclusive. H Shareholders in odd lots who wish to utilize this facility to dispose of or top up their odd lots of the H Shares may contact Computershare Hong Kong Investor Services Limited at 17M/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) within the above period. Shareholders who would like to match odd lots are recommended to make an appointment in advance by dialing the telephone number of Computershare Hong Kong Investor Services Limited set out above. H Shareholders in odd lots should note that successful matching of the sale and purchase of odd lots of the H Shares is not guaranteed. If H Shareholders are in any doubt as to the above facility, they should consult their professional advisers.

LETTER FROM THE BOARD

(4) Overseas H Shareholders

As at the Latest Practicable Date and based on information provided by Computershare Hong Kong Investor Services Limited, the H Share registrar of the Company, there is one overseas H Shareholder whose address is in Macau, and details of the shareholding information of this overseas H Shareholder are set out as follows:

Jurisdiction	Number of overseas H Shareholders	Number of H Shares held
Macau	1	30

Pursuant to Rule 19A.38 and Rule 13.36(2) of the Listing Rules, reasonable enquiries have been made by the Directors in respect of the legal restrictions under the laws of Macau or the requirements of the relevant regulatory body or stock exchange in Macau for the Company to extend the Bonus Issue to the overseas H Shareholder in Macau. Based on the reasonable enquiries and to the best of the Directors' knowledge, information and belief, the Directors are of the view that it would not be necessary or expedient to exclude this overseas H Shareholder from the Bonus Issue as at the Latest Practicable Date. As such, the overseas H Shareholder whose address is in Macau mentioned above will not be excluded in the Bonus Issue.

Upon the Bonus Issue becoming unconditional or should there be any overseas H Shareholders on the Record Date, the Company will make enquiry on whether there are any overseas H Shareholders located in jurisdictions other than Macau, and if there are such overseas H Shareholders, then the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant jurisdiction(s) and the requirements of the relevant regulatory bodies or stock exchanges for the relevant overseas H Shareholders to be eligible to take part in the Bonus Issue pursuant to the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of such overseas H Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Bonus Shares will not be issued to those overseas H Shareholders. If any such overseas H Shareholder is excluded, arrangements will be made for the Bonus Shares which would otherwise have been issued to the overseas H Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas H Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in HK dollars to the relevant overseas H Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

LETTER FROM THE BOARD

Accordingly, overseas H Shareholders receiving a copy of this circular about the Bonus Issue may not be treated the same as an invitation to participate in the Bonus Issue unless invitation could lawfully be made to him/her/it without requiring the Company or such overseas H Shareholders to comply with any registration or other legal requirements in the relevant jurisdiction(s). Furthermore, any H Shareholder who is resident in a place outside the PRC and Hong Kong are highly recommended to consult their bankers, brokers, lawyers or other professional advisers as to whether they are permitted to receive the Bonus Shares under the Bonus Issue (including but not limited to, whether any governmental or other consents are required and/or other formalities need to be observed and/or completed, whether required prior and/or pursuant to, participation in the Bonus Issue) and the taxation consequences of their decision. It is the responsibility of the H Shareholders who wish to receive the Bonus Shares under the Bonus Issue to comply with the laws of the relevant jurisdiction(s).

(5) Application for Listing

Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the approval for the listing of, and permission to deal in, the Bonus H Shares. The Bonus A Shares will be listed on the Shanghai Stock Exchange. Subject to the satisfaction of the conditions as set out in this circular (including but not limited to the granting of the aforesaid listing approval by the Hong Kong Stock Exchange), the Bonus H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made by the Company for the Bonus H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Subject to the Bonus Issue becoming unconditional, the certificates for the Bonus H Shares and the cheques for the 2023 Profit Distribution Plan will be despatched by ordinary post to the H Shareholders who are entitled to the Bonus Issue and the 2023 Profit Distribution Plan at their own risk. In case of joint shareholding, the certificates for the Bonus H Shares and the cheques for the 2023 Profit Distribution Plan will be posted to the first named person on the H Shareholders' register in respect of such joint shareholding. For the date of despatch of the certificates for the Bonus H Shares and the cheques for the 2023 Profit Distribution Plan and the date of the commencement of dealings in the Bonus H Shares, please refer to the section headed "Expected Timetable" to this circular. The expected timetable is subject to change, and any relevant change to the expected timetable will be announced separately by the Company as and when appropriate.

All Bonus Shares are non-renounceable. Trading of the Bonus H Shares is subject to Hong Kong stamp duty.

LETTER FROM THE BOARD

(6) Effects on the shareholding structure upon completion of the Bonus Issue

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately upon completion of the Bonus Issue (assuming that no other Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date):

	As at the Latest Practicable Date		Immediately upon completion of the Bonus Issue	
	Number of Shares	Approximate percentage of total issued Shares (%)	Number of Shares	Approximate percentage of total issued Shares (%)
<i>A Shares</i>				
Shandong Energy	3,376,658,070	45.40	4,389,655,491	45.40
Other A Shareholders	1,211,311,470	16.29	1,574,704,911	16.29
Sub-total	4,587,969,540	61.68	5,964,360,402	61.68
<i>H Shares</i>				
Shandong Energy ⁽¹⁾	682,483,500	9.18	887,228,550	9.18
Other H Shareholders	2,167,516,500	29.14	2,817,771,450	29.14
Sub-total	2,850,000,000	38.32	3,705,000,000	38.32
Total	7,437,969,540	100.00	9,669,360,402	100.00

Notes:

- (1) These H shares are held by Yankuang Group (Hong Kong) Company Limited (a wholly-owned subsidiary of Shandong Energy) in the capacity of beneficial owner.
- (2) The percentage figures above have been rounded off to the nearest second decimal place.
- (3) The sum of the number of Shares and the shareholding percentage may not be equal to the total number or percentage due to rounding. The final actual number of Shares shall be subject to the handling of the fractional Shares.

As at the Latest Practicable Date, the Company does not have any outstanding options, convertible bonds, warrants or other similar securities which are convertible into Shares.

LETTER FROM THE BOARD

Warning of Risks of Dealing in the H Shares

H Shareholders should note that the existing H Shares are expected to be dealt in on an ex-entitlement basis for entitlement to the Bonus H Shares from Wednesday, 26 June 2024. If the conditions of the Bonus Issue (as set out above under the paragraph headed “Conditions of the Bonus Issue”) are not fulfilled, the Bonus Issue will not proceed. If in doubt, investors are recommended to consult their professional advisers.

If there is any change in the total Shares in issue of the Company before the Record Date, it is planned to maintain the distribution ratio per share unchanged and adjust the total distribution amount accordingly. That is, the cash dividend of RMB1.49 (tax inclusive) will still be distributed, the basis of Bonus Shares will still be three (3) Bonus Shares for every ten (10) Shares.

Explanation of the 2023 Profit Distribution Plan

For the year 2023, the Company proposes to distribute profits using a combination of cash dividend and bonus issue. Details are as follows:

1) Cash Dividend

In 2023, the Company achieved the net profit attributable to the shareholders of the parent company (the “**Net Profit**”) to about RMB20.140 billion in accordance with PRC Accounting Standards and to about RMB17.779 billion in accordance with International Financial Reporting Standards. Using the Net Profit realized in accordance with PRC Accounting Standards as the basis for distribution and after withdrawal of the statutory reserve fund, the profit available for distribution to Shareholders of the Company for the year 2023 is about RMB18.476 billion.

According to the 60% dividend ratio listed in the Company’s 2023-2025 cash dividend ratio, the final dividend for the year 2023 is RMB1.30 (tax inclusive) per share, and the special dividend is RMB0.19 (tax inclusive) per share, totally a distribution of cash dividend of RMB1.49 (tax inclusive) per share. The expected payment date of the Cash Dividend is Tuesday, 30 July 2024.

2) Bonus Issue

The Company proposes to issue Bonus Shares to the Shareholders on the basis of three (3) Bonus Shares for every ten (10) Shares.

Based on the total number of 7,437,969,540 Shares in issue of the Company as at the Latest Practicable Date, the aggregate amount of Bonus Shares proposed to be distributed is 2,231,390,862, and upon completion of the Bonus Issue, the total number of Shares in issue of the Company will increase to 9,669,360,402 Shares.

LETTER FROM THE BOARD

As bonus issue of shares is one of the profit distribution forms stipulated in the Articles of Association and the Company has fully used the cash dividend methods, it is highly feasible for the Company to conduct the Bonus Issue, and in the medium to long term outlook, the Bonus Issue will not cause excessive dilution of the Company's earnings per share.

The Bonus Issue will allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them. Although the Bonus Issue is not expected to increase the Shareholders' proportionate equity interests in the Company, the Bonus Issue will increase the number of Shares to be held by the Shareholders, which will afford the Shareholders with more flexibility in managing their own investment portfolios such as giving them more convenience in disposing of a portion of the Shares for cash return, or keeping their Shares for any cash dividends which may be declared by the Company in the future.

Distribution Arrangement

The Record Date shall be determined after the AGM. The Company will complete the 2023 Profit Distribution Plan domestically and internationally within two months after the AGM. According to the Articles of Association, A Share cash dividend will be paid in RMB, H Share cash dividend will be paid in Hong Kong dollars, and the exchange rate shall be the average of the closing exchange rate of RMB against Hong Kong dollars published by People's Bank of China for five days prior to the date of approval of declaration of dividends by the AGM. The Bonus Issue of A Shares and H Shares will be issued in A Shares and H Shares, respectively.

Matters in Relation to Withholding and Payment of Income Tax

1) For investors of H Shares (except for investors of Southbound Trading)

(1) Withholding and payment of enterprise income tax for non-resident enterprise shareholders

According to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008 and other relevant rules and regulations, the Company is required to withhold and pay enterprise income tax at the rate of 10% before distributing the final dividend, special dividend and Bonus Shares to non-resident enterprise shareholders as appearing on the H share register of members of the Company. Any shares registered in the name of non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations, will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the enterprise income tax.

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(2) Withholding and payment of individual income tax for individual foreign shareholders

The Company will implement the following arrangements in relation to the withholding and payment of individual income tax for the individual H Shareholders:

- For individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of dividend.
- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of the individual H Shareholders in the distribution of dividend. If the applicable tax rate of the country (region) of domicile of individual holders as appeared on the Company's register of members of H Shares is less than 10% under tax treaty, such individual holders shall submit to the H Share Registrar at or before 4:30 p.m. on Thursday, 27 June 2024 a written authorization and relevant application documents. The Company will forward such application documents to the applicable tax authorities for approval. After receiving such approval, the Company will, for and on behalf of such individual holders, effect the preferential treatments in accordance with the relevant tax treaty and pursuant to the relevant regulations promulgated by the PRC tax authorities.
- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty in the distribution of dividend.
- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of the individual H Shareholders in the distribution of dividend.

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2) For investors of Southbound Trading

For investors of Southbound Trading, the Company has entered into “The Agreement on Distribution of Cash Dividends of H Shares for Southbound Trading” (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, as the nominees of the holders of H Shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H Shares of Southbound Trading through its depository and clearing system.

The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the “Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect” (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the “Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect” (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127) jointly issued by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission, for dividends to be paid to the individual investors in the PRC from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the Company shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends to be paid to securities investment funds in the PRC from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The Company will not withhold and pay the income tax of dividends for enterprise investors in the PRC and those domestic enterprise investors shall report and pay the relevant tax themselves.

3) For investors of Northbound Trading

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares listed on the Shanghai Stock Exchange (the “**Northbound Trading**”), their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, to the account of the nominees holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities of the Company for the entitlement of

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the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The Record Date and the date of distribution of cash dividends and Bonus Issue for the investors of Northbound Trading will be the same as those for the holders of A Shares.

The Company assumes no liability whatsoever in respect of any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders or any disputes over the withholding and payment of tax.

Shareholders' attention should be drawn to the contents of this circular. The Company recommends individual H Shareholders, who have any questions on the above, to consult their taxation advisors for advice on the PRC, Hong Kong and other tax implications with respect to their holding and disposing of the H Shares.

III. PROPOSED RENEWAL OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR OFFICERS

It is proposed that the Company will renew the liability insurance for the Directors, Supervisors and senior officers of the Company for a maximum insured amount of USD15 million.

IV. PROPOSAL FOR APPOINTMENT OF EXTERNAL AUDITING FIRM FOR THE YEAR 2024

In accordance with the relevant requirements of the Administrative Measures for State-owned Enterprises and Listed Companies to Select and Engage Accounting Firms (Cai Kuai [2023] No. 4) (《國有企業、上市公司選聘會計師事務所管理辦法》(財會〔2023〕4號)), ShineWing Certified Public Accountants (Special General Partnership), the domestic accounting firm of the Company, and SHINEWING (HK) CPA Limited, the overseas accounting firm of the Company, have reached or are approaching the maximum term of consecutive engagement of accounting firms to perform audit work for the Company. After taking into account the business development and audit needs of the Company, the Company intends to change the accounting firms.

It is proposed that Baker Tilly China Certified Public Accountants LLP and Baker Tilly Hong Kong Limited be appointed as the Company's domestic and overseas auditors for the year 2024, respectively, responsible for the audit and review of the Company's financial statements and assessment of the internal control audits, with a term of office commencing from the date of conclusion of the AGM at which this proposal is considered until the date of conclusion of the next annual general meeting of the Company, and arrangements in respect of their remuneration be approved.

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It is proposed that the remuneration to be paid to the auditors in 2024 is as follows:

- 1) the audit service fees for the domestic and overseas business will be RMB8.4 million (including the audit fee of RMB6.2 million for the annual reports and the audit fee of RMB2.2 million for internal control) for the year 2024; and
- 2) to authorize the Board to decide the payment for increased follow-up auditing, internal control audit and other services resulted from the Company's new subsidiaries or changes of regulations.

V. PROPOSAL TO AUTHORIZE THE COMPANY TO CARRY OUT DOMESTIC AND OVERSEAS FINANCING ACTIVITIES

In order to optimise the Company's debt structure, and satisfy the capital demands of the Company's daily operations, projects and external investment, subject to the relevant laws, regulations as well as listing rules in places where the Company's securities are listed, the Board proposed:

- 1) to approve the Company or its controlled subsidiaries to carry out financing activities of aggregate amount not exceeding the equivalent of RMB75 billion and to determine the financing currency and methods based on merits of market conditions, which are restricted to the following financing methods only: bank loans, corporate bonds, medium-term notes, short-term bonds, super short-term bonds, renewable bonds, perpetual bonds, perpetual medium-term notes, private placement bonds, operating lease, financing lease, asset securitization, asset-backed notes, financing on transfer of right of return over assets, debt-to-equity funds, private placement of industry funds, acceptance of insurance, the equity investment and bonds investment in the controlled subsidiaries by the subsidiaries of the trust and public offering funds.

When the financing businesses are to be implemented, the necessary approval procedures and information disclosure obligations shall be performed in accordance with the relevant regulations of the places where the Company is listed.

- 2) to authorize any one of the Directors to deal with all matters in respect of the abovementioned financing businesses in accordance with the relevant laws and regulations, which include but are not limited to the followings:
 - (1) in light of the Company's situation and the market conditions, and according to the relevant laws, rules and the requirements of regulatory authorities, to formulate and adjust specific plan in relation to such financing activities, including but not limited to the determination of the suitable entity to carry out the financing activities, the amounts, methods, terms and other matters related to financing activities;

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- (2) to determine the engagement of intermediaries and to sign and implement all agreements and documents in respect of the financing activities and disclose the relevant information; and
 - (3) to deal with the reporting, registration, approval of the materials in respect of the financing activities provided to the domestic and overseas regulatory authorities and other relevant authorities, and other relevant matters.
- 3) the aforementioned authorization shall become valid after the date of conclusion of the AGM at which this proposal is considered until the date of conclusion of the next annual general meeting of the Company, except where the circumstances require the person(s) so authorized to exercise his powers after the expiry of the term of authorization in relation to any contracts, agreements or decisions regarding the financing guarantees that have been made within the term of authorization.

VI. PROPOSAL FOR THE PROVISION OF FINANCING GUARANTEES TO THE SUBSIDIARIES AND GRANTING OF AUTHORIZATION TO YANCOAL AUSTRALIA AND ITS SUBSIDIARIES TO PROVIDE GUARANTEES FOR THE DAILY OPERATION OF THE SUBSIDIARIES OF THE COMPANY IN AUSTRALIA

The Board proposed:

- 1) in order to reduce financing costs of the Subsidiaries and ensure the normal operation funding needs of which can be satisfied, to approve the provision of financing guarantee(s) of an aggregate amount not exceeding the equivalent of US\$5 billion by the Company to its controlled subsidiaries and invested companies (the “**Subsidiaries**”);
- 2) in order to satisfy the requirements of daily operations of the Company’s subsidiaries in Australia and further reduce the operating cost, in accordance with the Australian Corporate Law and relevant laws and regulations, to approve the provision of guarantees by Yancoal Australia and its subsidiaries for an amount not exceeding AUD1.5 billion to the subsidiaries of the Company in Australia for their daily operations;
- 3) to approve and authorize any one of the Directors to deal with matters in relation to the aforesaid financing guarantees in accordance with the relevant laws, regulations and rules, such matters include but are not limited to the following:
 - (1) to determine the appropriate controlled subsidiaries and invested companies which will be provided with the guarantees based on their financing needs;
 - (2) to determine the exact terms and conditions of the guarantee agreements, which include but are not limited to the amount, term, scope and method of guarantee; and to execute the guarantee agreement(s) involved and other relevant legal documents; and

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- (3) to deal with the filing and reporting of documents in respect of the guarantee(s) and other relevant matters.
- 4) that the aforementioned authorization shall become valid from the date of conclusion of the AGM at which this resolution is considered until the date on which the next annual general meeting of the Company is concluded, except where the circumstances require the person(s) so authorized to exercise his powers after the expiry of the term of authorization in relation to any contracts, agreements or decisions regarding the financing guarantees that have been made within the term of authorization.

VII. PROPOSAL FOR THE GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE H SHARES

To ensure flexibility and to grant discretion to the Board to issue Shares, the Company will put forward a special resolution at the AGM to grant a general mandate to the Board to allot, issue and deal with Shares (including any sale or transfer of any treasury Shares) of up to a maximum of 20% of the number of issued Shares of the Company in issue (excluding any treasury Shares) as at the date of passing of the resolution.

The mandate to issue Shares would expire on the earlier of (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant special resolution at the AGM; or (b) the date on which the authority conferred by the relevant resolutions is revoked or varied by a special resolution of the Shareholders at a general meeting.

To ensure flexibility and to grant discretion to the Board to repurchase any H Shares under appropriate circumstances (including where such repurchase may lead to an enhancement of the net asset value per Share and/or the earnings per Share), the Company will put forward a special resolution at the AGM, respectively, to grant the Repurchase Mandate to the Board to repurchase H Shares not exceeding 10% of the aggregate nominal value of H Shares of the Company in issue (excluding any treasury Shares) as at the date of passing of the resolution approving the Repurchase Mandate, and to approve the Board to authorize any one of the Directors to act on behalf of the Board to make timely decision about the specific matters of the repurchase of H shares after the Board has been granted the general mandate to repurchase up to 10% of the total issued H shares (excluding any treasury Shares), and carries out the relevant approval and disclosure procedures (if applicable), including but not limited to, determinate the timing, quantity and price of the repurchase and open overseas securities account and carry out the corresponding change of foreign exchange registration procedures, inform creditors and make public announcement, sell or transfer any treasury Shares (after the amendments to the Listing Rules relating to treasury shares come into effect on 11 June 2024), cancel the shares repurchased, decrease the registered capital, amend the Articles of Association, and carry out the corresponding change of registration procedures and execute and handle other documents and matters related to the repurchase.

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The Company Law (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for (a) reducing its share capital; (b) a merger with another entity that holds the shares of the Company; (c) granting shares for the employee stock ownership plan or share incentive; (d) the repurchase is made at the request of its shareholders who disagree with shareholders' resolutions in connection with merger or division of the company; (e) the repurchased shares are used for the corporate bonds convertible into shares of the listed company; or (f) the repurchase is necessary for maintaining the value of the listed company and the interests of its shareholders. The Articles of Association provide that, subject to obtaining the approval of the relevant regulatory authorities and complying with the Articles of Association, share repurchase may be effected by the Company for the reduction of its share capital, a merger between itself and another entity that holds its shares, the employee stock ownership plan or share incentive, the request of its shareholders who disagree with shareholders' resolutions in connection with merger or division of the company, the conversion of convertible corporate bonds issued by the listed company, maintenance of the value of the company and the interests of its shareholders, or in circumstances permitted by law or administrative regulations.

The Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the board of directors to repurchase H shares of such company that is listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of a special resolution passed by shareholders at the AGM.

As the H Shares are traded on the Hong Kong Stock Exchange in Hong Kong dollars and the price payable by the Company for any repurchase of H Shares will, therefore, be paid in Hong Kong dollars, the approvals of SAFE and other relevant government authorities are required for any repurchase of H Shares.

In accordance with the requirements of the Articles of Association applicable to capital reduction, prior to exercising the Repurchase Mandate, the Company will have to notify its creditors in writing of the passing of such special resolutions and the possible reduction of the registered capital of the Company. The Company shall notify its creditors within 10 days after the passing of such special resolutions and also by way of publication of announcement in newspaper within 30 days after the passing of such special resolutions. Creditors then have a period of up to 30 days after the Company's written notification or if no such notification has been received, up to 45 days after the publication of the newspaper announcement to require the Company to repay amounts due to them or to provide guarantees in respect of such amounts.

The Repurchase Mandate will be conditional upon (a) the special resolution for the grant of the Repurchase Mandate being approved at the AGM; (b) the approvals of the SAFE and/or any other regulatory authorities (if applicable) as required by the laws, rules and regulations of the PRC being obtained; and (c) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the provisions of the Articles of Association. If the Company determines to repay any amount to

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any of its creditors in circumstances described under condition (d) above, it expects to do so out of its internal resources. If the above conditions are not fulfilled, the Repurchase Mandate will not be exercised by the Board.

The Repurchase Mandate would expire on the earlier of (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant special resolutions at the AGM; or (b) the date on which the authority conferred by the relevant resolutions is revoked or varied by a special resolution of the Shareholders at a general meeting.

The total number of H Shares which may be repurchased pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal value of H Shares in issue (excluding any treasury Shares) as at the date of passing of the resolution approving the Repurchase Mandate.

Details of the special resolutions to be proposed at the AGM in relation to the granting of the Repurchase Mandate to the Board are set out respectively in the notice of the AGM.

Explanatory Statement

An explanatory statement containing all relevant information relating to the Repurchase Mandate is set out in Appendix I to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to grant to the Board the Repurchase Mandate.

VIII. PROPOSED STORAGE ISSUANCE OF CORPORATE BONDS AND RELEVANT AUTHORIZATION

The Company is recognized as one of the High-quality Corporate Bonds Issuers by the China Securities Regulatory Commission and is entitled to the “Green Channel” in methods of issuance, types of bonds, documentation filing, supervision and review innovative issuance and other aspects. To tap into such advantage and to increase the ratio of direct financing, the Company proposed to apply to the Shanghai Stock Exchange for the issuance of various corporate bonds (the “**Bonds**”) up to the amount of RMB30 billion (the “**Issuance**”). The major terms of the plan of the Issuance are set out as follows:

- (1) To consider and approve the size and method of the Issuance;

The size of the Bonds to be issued will not be more than RMB30 billion (inclusive) and the validity period of the Issuance is 24 months. The Bonds can be issued in tranches.

- (2) To consider and approve the maturity period of the Bonds;

The maturity period of the Bonds will not be more than 15 years (inclusive). The Bonds may comprise subcategories with a single maturity period or multiple maturity periods.

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- (3) To consider and approve the types of bonds to be issued;

The types of the Issuance include general corporate bonds, renewable bonds, green bonds and other types. The Company shall determine the exact types of the Issuance based on its need.

- (4) To consider and approve the par value and the issue price;

The par value of the Bonds is RMB100, which is also the issue price.

- (5) To consider and approve the coupon rate and its determination mechanism;

The coupon rate shall be a fixed rate and calculated on an annual basis without accruing compound interests.

- (6) To consider and approve the form of the Bonds;

The Bonds are real-name account corporate bonds.

- (7) To consider and approve the method of interest payment and redemption;

The interests will be distributed annually and fully redeemed upon maturity, and the last interest payment will be distributed together with the redemption of principal.

- (8) To consider and approve the guarantee;

The Bonds do not have any guarantee arrangement.

- (9) To consider and approve the underwriting;

The unsubscribed portion of the Bonds shall be underwritten by the underwriter syndicate formed by the lead underwriter.

- (10) To consider and approve the target of the Issuance;

The target of the Issuance are the qualified investors pursuant to the Administrative Measures for the Issuance and Trading of Corporate Bonds and other relevant laws and regulations.

- (11) To consider and approve the placing arrangement for Shareholders;

The Bonds will be publicly issued to the qualified investors and will not be offered, by way of preferential placing, to the Shareholders.

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- (12) To consider and approve the listing arrangement;

The listing arrangement of the Bonds shall be decided upon the completion of the Issuance taking into consideration the actual situation of the Company, the method of issuance and the market conditions.

- (13) To consider and approve the authorization.

In order to effectively coordinate the specific matters in the Issuance, a resolution will be proposed at the general meeting to grant a general and unconditional mandate to authorize the Board and the Board to authorize the chairman of the Board (or his authorized representatives) to deal with, as its/their sole discretion, all matters in connection with the Issuance in accordance with relevant laws and regulations and regulatory requirements, including but not limited to:

- (A) To formulate and adjust the detailed plans and terms in accordance with the laws and regulations, relevant regulations of securities supervision departments, the resolutions of the Company's general meeting and the specific situation of the Company as well as the bond market;
- (B) To decide the engagement of intermediaries to deal with the reporting matters of the Issuance as well as the matters of listing and repayment of principal and interests of the Bonds after completion of the Issuance;
- (C) To select the bond trustee manager(s) for the issuance of the Bonds, execute the trustee management agreement(s) and formulate rules of bondholders meeting;
- (D) To authorize the Board and the Board to authorize the chairman of the Board (or his authorized representatives) to make relevant adjustments to matters relating to the Issuance according to the changes in policies or the changes in market conditions;
- (E) The aforementioned authorization shall become valid after the date of conclusion of the AGM at which this proposal is considered until the date of conclusion of the next annual general meeting of the Company.

IX. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RELEVANT RULES OF PROCEDURES

The seventh meeting of the ninth session of the Board considered and approved the "Resolution in Relation to the Amendments to the Articles of Association" and agreed to submit the same to the AGM for discussion and consideration.

As disclosed in the announcement of the Company dated 26 April 2024, pursuant to the successive amendments made by the China Securities Regulatory Commission and the Shanghai Stock Exchange to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) and the Listed Companies Regulatory Guidance No. 3 –

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Cash Dividends Distribution by Listed Companies (《上市公司監管指引第3號 – 上市公司現金分紅》), as well as the actual situation of the Company regarding the capital change, the Company intends to amend the Articles of Association to reflect the interim distribution mechanism, relevant authority of the independent directors and the changes in the Company's share capital. And in accordance with the requirements of the series of documents issued by the State-owned Assets Supervision Department, the Company intends to amend Rules of Procedure of the Board. The details of the proposed amendments to the Articles of Association and proposed amendments to Rules of Procedure of the Board are set out in Appendix II to this circular.

The proposed amendments relating to registered capital and number of shares (i.e. Articles 4, 16 and 17 of the amended Articles of Association) shall become effective after obtaining shareholders' approval and after the payment of 2023 bonus shares by the Company. The other proposed amendments will become effective once obtaining shareholders' approval.

X. AGM

The notice convening the AGM were published on 22 May 2024.

The following resolutions will be proposed to the Shareholders at the AGM:

As ordinary resolutions:

1. To consider and approve the working report of the Board for the year ended 31 December 2023, details of which are set out in the section headed "Board of Directors' Report" in the 2023 annual report of the Company;
2. To consider and approve the working report of the Supervisory Committee for the year ended 31 December 2023;
3. To consider and approve the audited financial statements of the Company and its subsidiaries for the year ended 31 December 2023, details of which are set out in the 2023 annual report of the Company;
4. To consider and approve the remuneration of the Directors and Supervisors for the year ending 31 December 2024;
5. To consider and approve the "Proposal in relation to the renewal of the liability insurance of the Directors, Supervisors and senior officers";
6. To consider and approve the "Proposal in relation to the appointment and remuneration of external auditing firm for the year 2024";

As special resolutions:

1. To consider and approve the proposed profit distribution plan of the Company for the year ended 31 December 2023 and to authorize the Board to distribute: (i) a final cash dividend of RMB1.30 (tax inclusive) per share for the year 2023; (ii) a

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- special cash dividend of RMB0.19 (tax inclusive) per share; and (iii) three (3) Bonus Shares for every ten (10) Shares to the Shareholders based on the number of shares on the dividend distribution record date;
2. To consider and approve the “Proposal in respect of the provision of financing guarantees to the Company’s Subsidiaries and the granting of authorization to Yancoal Australia Limited and its subsidiaries to provide guarantees in relation to daily operations to the subsidiaries of the Company in Australia”;
 3. To consider and approve the “Proposal to authorize the Company to carry out domestic and overseas financing businesses”;
 4. To consider and approve the amendments to the Articles of Association of Yankuang Energy Group Company Limited* and the Relevant Rules of Procedures;
 5. To consider and approve the “Proposal in relation to the Plan of Storage Issuance of Corporate Bonds and Related Authorizations”:
 - (5.01) To consider and approve the size and method of the Issuance;
 - (5.02) To consider and approve the maturity period of the Bonds;
 - (5.03) To consider and approve the types of bonds to be issued;
 - (5.04) To consider and approve the par value and the issue price;
 - (5.05) To consider and approve the coupon rate and its determination mechanism;
 - (5.06) To consider and approve the form of the Bonds;
 - (5.07) To consider and approve the method of interest payment and redemption;
 - (5.08) To consider and approve the guarantee;
 - (5.09) To consider and approve the underwriting;
 - (5.10) To consider and approve the target of the Issuance;
 - (5.11) To consider and approve the placing arrangement for Shareholders;
 - (5.12) To consider and approve the listing arrangement; and
 - (5.13) To consider and approve the authorization.
 6. To consider and approve the “Proposal regarding the general mandate authorizing the Board to issue additional shares”; and

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7. To consider and approve the “Proposal regarding the general mandate authorizing the Board to repurchase H shares”.

Whether or not you are able to attend the meeting in person, you are strongly advised to complete and sign the form of proxy dated 22 May 2024 in accordance with the instructions printed thereon. For holders of H Shares of the Company, the proxy form shall be lodged with the Company’s H Share Registrar, Hong Kong Registrars Limited at 17M/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong. For holders of A Shares of the Company, the proxy form shall be lodged at the Office of the Secretary to the Board at 949 South Fushan Road, Zoucheng, Shandong Province 273500, the PRC as soon as possible but in any event not later than 24 hours before the time appointed for the holding of the relevant meeting or any adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish. For the avoidance of doubt, holders of any treasury Shares shall abstain from voting at the AGM in respect of any treasury Shares held by them, if any.

XI. CLOSURE OF H SHARE REGISTER OF MEMBERS OF THE COMPANY

1. Attending the AGM

The H Share register of members of the Company will be closed from Friday, 14 June 2024 to Friday, 21 June 2024 (both days inclusive), during which period no transfer of the Company’s H Shares will be registered for the purpose of ascertaining the eligibility of Shareholders to attend the AGM. In order to attend the AGM, all share transfers, accompanied by the relevant share certificates, must be lodged for registration with the Company’s H Share Registrar, Hong Kong Registrars Limited, at Shops 1712 – 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 13 June 2024 for registration. H Shareholders whose names appear on the H Share register of members of the Company maintained by Hong Kong Registrars Limited at the close of business on Thursday, 13 June 2024 will be eligible to attend the AGM.

2. Receipt of final dividend, special dividend and Bonus Shares

The Company will put forward a special resolution at the AGM to approve the distribution of (i) a final cash dividend of RMB1.30 (tax inclusive) per share for the year 2023; (ii) a special cash dividend of RMB0.19 (tax inclusive) per share; and (iii) three (3) Bonus Shares for every ten (10) Shares to the Shareholders based on the number of shares on the Record Date.

To determine the identity of the Shareholders entitled to receive the final dividend, the special dividend and the Bonus H Shares, the Company’s H Share register of members will be closed from Friday, 28 June 2024 to Friday, 5 July 2024 (both days inclusive), during which period no transfer of H Shares will be registered. In order to be entitled to the final dividend, special dividend and Bonus Shares, H Shareholders who have not registered the transfer documents are required to deposit the transfer documents together with the relevant Share certificates with the H Share

LETTER FROM THE BOARD

Registrar of the Company, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Thursday, 27 June 2024.

XII. RECOMMENDATION OF THE BOARD

The Directors believe that the resolutions set out in the notice of the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the AGM.

XIII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

XIV. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the board of directors
Yankuang Energy Group Company Limited*
Li Wei
Chairman

This explanatory statement contains all the information required to be given to the Shareholders pursuant to Rule 10.06(1)(b) of the Listing Rules in connection with the proposed Repurchase Mandate, which is set out as follows:

1. Listing Rules

The Listing Rules permit companies with a primary listing on the Hong Kong Stock Exchange to repurchase their securities subject to certain restrictions. Repurchases must be funded out of funds legally available for the purpose and in accordance with the company's constitutional documents and the applicable laws of the jurisdiction in which the company is incorporated or otherwise established. Any repurchase must be made out of funds which are legally available for the purpose and in accordance with the laws of the PRC and the memorandum and articles of association of the company. Any premium payable on a repurchase over the par value of the shares may be effected out of funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purchase of repurchase.

2. Reasons for Repurchase of H Shares

The Board believes that the flexibility afforded by the Repurchase Mandate to repurchase H Shares would be beneficial to and in the best interests of the Company and its Shareholders. Such repurchase may, depending on the market conditions and funding arrangement at the time, lead to an enhancement of the net asset value and/or its earnings per Share and will only be made when the Board believes that such a repurchase will benefit the Company and its Shareholders.

3. Registered Capital

As at the Latest Practicable Date, the registered capital of the Company as filed in the relevant company registration agency of the PRC was RMB7,442,040,720 comprising 2,850,000,000 H Shares of RMB1.00 each and 4,592,040,720 A Shares of RMB1.00 each. As at the Latest Practicable Date, the Company has 4,587,969,540 A Shares and 2,850,000,000 H Shares.

4. Exercise of the Repurchase Mandate

Subject to the passing of the special resolution approving the granting of the Repurchase Mandate to the Board at the AGM respectively, the Board will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in the special resolutions in the notice of the AGM). The exercise of the Repurchase Mandate is subject to: (1) the approvals of the relevant PRC regulatory authorities as required by the laws, rules and regulations of the PRC being obtained; and (2) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the provisions of the Articles of Association applicable to reduction of share capital.

The exercise in full of the Repurchase Mandate (on the basis of 2,850,000,000 H Shares in issue as at the Latest Practicable Date and no H Shares will be allotted and issued or repurchased by the Company on or prior to the date of the AGM) would result in a maximum of 285,000,000 H Shares being repurchased by the Company during the Relevant Period, being the maximum of 10% of the total H Shares in issue (excluding any treasury Shares) as at the date of passing the relevant resolutions.

5. Funding of Repurchases

In repurchasing its H Shares, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and undistributed profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to purchase its H Shares. Any repurchases by the Company may only be made out of either the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose, or from sums standing to the credit of the share premium account of the Company. The Company may not purchase securities on the Hong Kong Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange from time to time.

Based on the financial position disclosed in the recently published audited accounts for the year ended 31 December 2023, the Board considers that there will not be any material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Board at the relevant time having regard to the circumstances then prevailing and in the best interests of the Company.

6. Status of Repurchased H Shares

As at the date of this circular, the Listing Rules provide that the listing of all the H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. After the amendments to the Listing Rules relating to treasury shares come into effect on 11 June 2024, the Company may cancel such repurchased Shares or hold them as treasury Shares. The listing of all Shares which are held as treasury Shares shall be retained. The listing of all H Shares which are purchased by the Company but not held as treasury Shares shall be automatically cancelled and the relevant share certificates shall be cancelled and destroyed. Under the PRC laws, the H Shares repurchased by the Company for the purpose of reducing registered capital will be cancelled within 10 days after the repurchase date; the H Shares repurchased by the Company for the purpose of protecting the value of the Company and the interests of the Shareholders will be cancelled or transferred within three years. The Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled.

7. H Shares Prices

The highest and lowest closing prices at which the H Shares have been traded on the Hong Kong Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	H Share Prices	
	Highest HK\$	Lowest HK\$
2023		
May	17.897	12.437
June	14.073	12.437
July	14.168	11.540
August	12.320	10.700
September	15.580	13.280
October	15.000	13.600
November	14.640	13.000
December	15.160	13.760
2024		
January	16.520	14.720
February	18.880	15.400
March	19.980	16.440
April	18.320	16.060
May (up To the Latest Practicable Date)	19.640	16.880

8. Substantial Shareholders

As at the Latest Practicable Date, the interests of substantial shareholder of the Company which was interested in more than 10% of the issued Shares was as follows:

Name	Class of shares	Capacity	Nature of interests	Number of ordinary shares held in the Company	Percentage of total issued share capital of the Company ^(b)
Shandong Energy	A Shares (state legal person share)	Beneficial owner	Long position	3,376,658,070	45.40%
			Short position	161,387,138	2.17%
Shandong Energy ^(a)	H Shares	Interest of controlled corporation	Long position	682,483,500	9.18%
Total				<u>4,059,141,570</u>	<u>54.57%</u>

Notes:

- (a) Shandong Energy's controlled subsidiary incorporated in Hong Kong holds such H Shares in the capacity of beneficial owner.
- (b) The figures of the percentage ratios are rounded to the nearest two decimal places.

9. GENERAL INFORMATION

- (a) None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their close associates, have any present intention to sell any H Shares to the Company or any of its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.
- (b) The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to repurchase the H Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the PRC.
- (c) No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he has a present intention to sell H Shares to the Company or its subsidiaries, or has undertaken not to do so, if the Repurchase Mandate is granted and is exercised.
- (d) Neither the explanatory statement nor the proposed share repurchase has any unusual features.

10. TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert 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.

Assuming that the substantial Shareholders do not dispose of their Shares, if the Repurchase Mandate was exercised in full and all Shares repurchased were cancelled, the percentage shareholdings of the substantial Shareholders before and after such repurchase would be as follows:

Substantial Shareholder	Before repurchase	After repurchase
Shandong Energy	54.57%	56.75%

On the basis of the shareholdings held by the substantial Shareholder named above, an exercise of the Repurchase Mandate in full will not have any implications for the substantial Shareholders under the Takeovers Code.

The Company was informed by Shandong Energy that Shandong Energy had issued exchangeable corporate bonds that are exchangeable into A Shares of the Company, which may result in a decline of Shandong Energy's percentage shareholdings in the Company. For detailed information about the exchangeable corporate bonds issued by Shandong Energy, please refer to the relevant announcements of the Company dated 8 April 2022, 14 April 2022 and 22 April 2022.

Assuming that there is no issue of Shares between the Latest Practicable Date and the date of a repurchase, an exercise of the Repurchase Mandate whether in whole or in part will not result in less than the relevant prescribed minimum percentage of the Shares of the Company being held by the public as required by the Hong Kong Stock Exchange.

The Directors have no intention to exercise the Repurchase Mandate to an extent which may result in the requirements under Rule 8.08 of the Listing Rules not being complied with.

Save as disclosed above, the Directors are not aware of any consequences that may arise under the Takeovers Code and/or any relevant law of which the Directors are aware, if any, as a result of any share repurchases made.

11. Share Repurchases Made by the Company

During the six months period preceding the Latest Practicable Date, the Company did not repurchase any H shares (whether on the Hong Kong Stock Exchange or otherwise).

I. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As disclosed in the announcement of the Company dated 26 April 2024, pursuant to the successive amendments made by the China Securities Regulatory Commission and the Shanghai Stock Exchange to the Guidelines for the Articles of Association of Listed Companies (《上市公司章程指引》) and the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution by Listed Companies (《上市公司監管指引第3號 – 上市公司現金分紅》), as well as the actual situation of the Company regarding the capital change, the Company intends to amend the Articles of Association to reflect the interim distribution mechanism, relevant authority of the independent directors and the changes in the Company's share capital.

The details of the proposed amendments to the Articles of Association are set out as follows:

Original Articles	Amended Articles
CHAPTER 1 GENERAL PROVISIONS	
<p>Article 4 The Company's address: 949 South Fushan Road, Zoucheng, Shandong Province, China, with registered capital of <u>RMB7,442,040,720</u>. Telephone number: 0537-5383310 Facsimile number: 0537-5383311 Postal code: 273500</p>	<p>Article 4 The Company's address: 949 South Fushan Road, Zoucheng, Shandong Province, China, with registered capital of <u>RMB9,669,360,402</u>. Telephone number: 0537-5383310 Facsimile number: 0537-5383311 Postal code: 273500</p>
CHAPTER 3 SHARES	
<p>Article 16 Subject to the approval of the companies approving department authorised by the State Council, the Company has issued a total of <u>7,442,040,720</u> ordinary shares, of which 1,670,000,000 ordinary shares were issued to the promoters at the time of establishment.</p>	<p>Article 16 Subject to the approval of the companies approving department authorised by the State Council, the Company has issued a total of <u>9,669,360,402</u> ordinary shares, of which 1,670,000,000 ordinary shares were issued to the promoters at the time of establishment.</p>
<p>Article 17 The share capital structure of the Company is as follows: <u>7,442,040,720</u> ordinary shares, of which (a) <u>4,592,040,720</u> shares, which represent <u>61.70%</u> of the Company's share capital, are held by A Shares shareholders; (b) <u>2,850,000,000</u> shares, which represent <u>38.30%</u> of the Company's share capital, are held by the H Shares shareholders.</p>	<p>Article 17 The share capital structure of the Company is as follows: <u>9,669,360,402</u> ordinary shares, of which (a) <u>5,964,360,402</u> shares, which represent <u>61.68%</u> of the Company's share capital, are held by A Shares shareholders; (b) <u>3,705,000,000</u> shares, which represent <u>38.32%</u> of the Company's share capital, are held by the H Shares shareholders.</p>

Original Articles	Amended Articles
CHAPTER 7 BOARD OF DIRECTORS	
<p>Article 111 Apart from the powers granted to directors by the Company Law and other relevant laws, regulations and these Articles of Association, the independent directors shall have the following special powers:</p> <p>(1) Substantial connected transactions (determined in accordance with the standard promulgated from time to time by the regulatory organizations of the place where the Company's shares are listed) shall be subject to prior approval by the independent directors; before making a judgement, an independent director may appoint an intermediary institution to issue an independent financial advisory report as the basis for such judgment;</p> <p>(2) Propose of engaging or ceasing to engage an accounting firm;</p> <p>(3) Request the board of directors to convene an extraordinary general meeting;</p> <p>(4) Suggest the convening of a board meeting;</p> <p>(5) Publicly collect voting rights from the shareholders before the shareholders' general meeting.</p> <p>Independent directors shall seek the consent of more than one-half of all the independent directors before exercising the powers under (1) to (5) above.</p> <p>The matters under (1) and (2) shall be submitted to the board of directors for discussion after the approval of more than one-half of the independent directors.</p> <p>With the consent of more than half of the members of the independent directors, the independent directors may engage external audit institutions or consultative institutions independently to provide audit and consultation for specific matters of the Company, the relevant costs of which shall be undertaken by the Company.</p> <p>If the above recommendations are not accepted or the above powers cannot be exercised ordinarily, the Company shall disclose the circumstances accordingly.</p>	<p>Article 111 Apart from the powers granted to directors by the Company Law and other relevant laws, regulations and these Articles of Association, the independent directors shall have the following special powers:</p> <p>(1) <u>To independently appoint intermediary institutions to audit, consult or verify specific matters concerning the listed company;</u></p> <p>(2) Request the board of directors to convene an extraordinary general meeting;</p> <p>(3) Suggest the convening of a board meeting;</p> <p>(4) <u>To solicit shareholders' rights from shareholders in a public manner according to laws;</u></p> <p>(5) <u>To express independent opinions on matters that may damage the interests of the listed company or minority shareholders;</u></p> <p>(6) <u>Other functions and powers stipulated by laws, administrative regulations, the CSRC and the Articles of Association.</u></p> <p><u>The exercise of the functions and powers listed in items (1) to (3) of the preceding paragraphs by independent directors shall be subject to the consent of a majority of all independent directors.</u></p> <p><u>Where an independent director exercises his/her functions and powers under the first paragraph, the Company shall make timely disclosure. Where the above functions and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.</u></p>

Original Articles	Amended Articles
<p>Article 112 Apart from exercising the above powers, the independent directors shall express their independent views to the board of directors or the shareholders' general meeting in respect of:</p> <p>(1) nomination, appointment and dismissal of directors;</p> <p>(2) appointment or dismissal of senior management personnel;</p> <p>(3) remuneration of the Company's directors and senior management personnel;</p> <p>(4) existing or new loans or other transactions involving funds which are substantial (determined in accordance with the standard promulgated from time to time by the regulator organizations of the place where the Company's shares are listed) between the Company and the Company's shareholders, persons in actual control of the Company and their affiliates, and whether the Company has taken effective measures to recover the moneys owed to it;</p> <p>(5) a plan of profit distribution in cash which has not yet been formulated by the board of directors of the Company;</p> <p>(6) actions which, in the opinion of the independent directors, may prejudice the interests of minority shareholders;</p> <p>(7) other matters specified by these Articles of Association.</p> <p>The independent directors should express one of the following views on the above-mentioned issues: consent; reservation with the reasons thereof; objection with the reasons thereof; inability to express their opinions and the impediments thereto.</p> <p>In case of matters requiring disclosure, the Company should make a public announcement of the independent directors' opinion. If the independent directors fail to reach a consensus in their opinions, the board of directors should disclose each independent director's respective opinion.</p>	<p><u>Article 112</u> <u>The following matters shall be submitted to the board of directors for consideration with the consent of more than half of all the independent directors of the listed company:</u></p> <p><u>(1) Related party transactions to be disclosed;</u></p> <p><u>(2) The plan for the change or waiver of undertakings by the listed company and related parties;</u></p> <p><u>(3) The decisions made and measures taken by the board of directors of the acquired listed company in respect of the acquisition;</u></p> <p><u>(4) Other matters stipulated by laws, administrative regulations, the CSRC and the Articles of Association.</u></p>

Original Articles	Amended Articles
<p>Add this article.</p>	<p>Article 113 <u>The Company shall regularly or irregularly convene meetings attended by all independent directors (the “Special Meetings of Independent Directors”). Matters listed in the items (1) to (3) to the paragraph 1 of Article 111 and Article 112 of the Articles of Association shall be considered at the Special Meetings of Independent Directors.</u></p> <p><u>The Special Meetings of Independent Directors may study and discuss other matters of the listed company as needed.</u></p> <p><u>The Special Meetings of Independent Directors shall be convened and chaired by an independent director jointly elected by more than half of the independent directors; in the event that the convenor is not performing his/her duties or is unable to perform his/her duties, two or more independent directors may convene the meeting and elect a representative to chair the meeting.</u></p> <p><u>The Company shall provide convenience and support for the convening of the Special Meetings of Independent Directors.</u></p>

Original Articles	Amended Articles
<p><u>Article 113</u> Independent directors shall attend the meetings of the board of directors on time, understand the production business and operation of the Company, and initiate investigation to gain information required for making decision.</p> <p>Independent directors shall submit an annual working report at the annual general meeting of the Company providing explanation in respect of the performance of their duties.</p> <p><u>Article 114</u> The independent directors shall perform their duties honestly and faithfully, and protect the Company’s interests, especially paying attention to the protection of the legal rights of public shareholders.</p> <p>The independent directors shall perform his duties independently, without being affected by major shareholders of the Company, persons in actual control or other entities or individuals which have conflicting interest with the Company, its major shareholders and persons in actual control.</p>	<p>Former Articles 113 and 114 are integrated into the following Article.</p> <p><u>Article 114</u> The independent directors shall attend the meeting of the board of directors in a timely manner, understand the production business and operation of the Company, and initiate investigation to gain information required for making decision.</p> <p>Independent directors shall submit an annual working report at the annual general meeting of the Company providing explanation in respect of the performance of their duties.</p> <p>The independent directors shall perform their duties honestly and faithfully, and protect the Company’s interests, especially paying attention to the protection of the legal rights of public shareholders.</p> <p>The independent directors shall perform his/her duties independently, without being affected by major shareholders of the Company, persons in actual control or other entities or individuals which have conflicting interest with the Company, its major shareholders and persons in actual control.</p>
<p>CHAPTER 12 FINANCIAL AND ACCOUNTING SYSTEMS, PROFITDISTRIBUTION AND INTERNAL AUDIT</p>	
<p><u>Article 168</u> The Company shall submit its annual reports, interim financial report and quarterly financial report to the competent securities authorities under the State Council and relevant stock exchange within four months after the expiration of each fiscal year, within two months after the expiration of the first six months of each fiscal year and within one month after the expiration of the first three(3) months and the first nine (9) months of each fiscal year, respectively.</p> <p>The above financial reports shall be prepared and announced in accordance with the provisions of the law, administrative regulations and rules of CSRC and stock exchanges.</p>	<p><u>Article 168</u> The Company shall submit its annual reports to the CSRC and relevant stock exchange within four months after the expiration of each fiscal year, and submit its interim reports to the <u>delegated authority of the CSRC and relevant stock exchange</u> within two months after the expiration of the first six months of each fiscal year.</p> <p>The above financial reports shall be prepared and announced in accordance with the provisions of the law, administrative regulations and rules of CSRC and stock exchanges.</p>

Original Articles	Amended Articles
<p>Article 174 The profit distribution policies of the Company</p> <p>(1) Form and interval of profit distribution</p> <p>The Company may distribute dividends in cash, in shares or in a combination of both cash and shares.</p> <p>In the event that conditions for distribution of cash dividend are met, cash dividend shall be distributed prior to share dividend.</p> <p>Final dividends shall be paid once a year. The shareholders shall by way of an ordinary resolution authorise the board of directors to declare and pay final dividends of the Company. The Company may distribute interim cash dividends upon obtaining approval from the board of directors and the shareholders at the general meeting. There should at least be a 6-month accounting period interval when the Company distributes cash dividends.</p> <p>(2) Conditions for distributing cash dividends and proportion of cash dividends</p> <p>On the premise of securing the Company's sustainable development and provided that the Company has recorded a profit in a particular year and that its accumulated undistributed profit is positive, the Company's cash dividends shall account for approximately 35% of the Company's net profit after statutory reserve for that particular year, unless the Company has scheduled significant investments or significant cash requirements.</p> <p>Significant investments or significant cash requirements mean investments or cash requirements scheduled for the next 12 months that are equivalent to or exceed 50% of the total profit of the Company realized in the most recent financial year.</p> <p>.....</p>	<p>Article 174 The profit distribution policies of the Company</p> <p>(1) Form and interval of profit distribution</p> <p>The Company may distribute dividends in cash, in shares or in a combination of both cash and shares.</p> <p>In the event that conditions for distribution of cash dividend are met, cash dividend shall be distributed prior to share dividend. <u>The target of the cash dividend policy is the stable payout ratio.</u></p> <p>Final dividends shall be paid once a year. The shareholders shall by way of an ordinary resolution authorise the board of directors to declare and pay final dividends of the Company. The Company may distribute interim cash dividends upon obtaining approval from the board of directors and the shareholders at the general meeting. <u>The specific implementation shall be way of drafting an interim dividend distribution plan and submitted to the general meeting of Shareholders for approval and implementation be the Board of Directors, or authorizing the Board of Directors to formulate and implement the interim dividend distribution plan by the annual general meeting.</u></p> <p>(2) Conditions for distributing cash dividends and proportion of cash dividends</p> <p>On the premise of securing the Company's sustainable development and provided that the Company has recorded a profit in a particular year and that its accumulated undistributed profit is positive, the Company's cash dividends shall account for approximately 35% of the Company's net profit <u>(the lower of the after-tax profits of the financial statements under PRC Accounting Standards and International Financial Reporting Standards shall be adopted)</u> after statutory reserve for that particular year, unless the Company has scheduled significant investments or significant cash requirements.</p> <p>Significant investments or significant cash requirements mean investments or cash requirements scheduled for the next 12 months that are equivalent to or exceed 50% of the total profit of the Company realized in the most recent financial year.</p> <p>.....</p>

Original Articles	Amended Articles
<p>Article 175 Procedures on approving the profit distribution plan</p> <p>The Board is responsible for preparing the profit distribution plan. In the process of determining the profit distribution plan, the Board shall discuss with the independent directors and the supervisory committee adequately, shall adopt different approaches to listen to the opinions of public shareholders, and examine the rationality of the profit distribution plan; the Board shall also study and demonstrate matters including the timing, conditions, the lowest percentage, the conditions of adjustment and determination procedures of distributing cash dividends of the Company.</p> <p>Before the specific proposals for distributing cash dividends are considered at the general meeting, the Company shall communicate with the shareholders, especially the minority shareholders, through various channels, such that the opinions and requests of the public shareholders can be fully heard, and their concerns can be responded in a timely manner.</p> <p>The independent directors can gather views from minority shareholders in order to propose a distribution proposal, and submit it directly to the Board of Directors for its approval. The main procedures on approving the profit distribution plan are as follows:</p> <p>(1) Independent directors shall express their independent opinions and approved by more than half of the independent directors;</p> <p>(2) considered and approved by more than half of all directors;</p> <p>(3) considered and approved by more than half of all supervisors;</p> <p>(4) considered and approved at the shareholders' general meeting by way of an ordinary resolution. During the general meeting when discussing and considering the matters relating to profit distributing, various methods such as internet voting, and establishing an investors communication forum on the Company's website can be used to give public shareholders the opportunity to express their opinions and enquiries.</p>	<p>Article 175 Procedures on approving the profit distribution plan</p> <p>The Board is responsible for preparing the profit distribution plan. In the process of determining the profit distribution plan, the Board shall discuss with the independent directors and the supervisory committee adequately, shall adopt different approaches to listen to the opinions of public shareholders, and examine the rationality of the profit distribution plan; the Board shall also study and demonstrate matters including the timing, conditions, the lowest percentage, the conditions of adjustment and determination procedures of distributing cash dividends of the Company.</p> <p>Before the specific proposals for distributing cash dividends are considered at the general meeting, the Company shall communicate with the shareholders, especially the minority shareholders, through various channels, such that the opinions and requests of the public shareholders can be fully heard, and their concerns can be responded in a timely manner.</p> <p><u>If an independent director believes that the specific plans for distribution of cash dividends may impair the rights and interests of the listed company or minority shareholders, he/she shall have the right to express his/her independent opinions. If the board of directors fails to adopt or does not fully adopt the opinions of the independent directors, it shall record the opinions of the independent directors and the specific reasons for non-adoption in the resolution of the board of directors and disclose the same.</u></p> <p>The main procedures on approving the profit distribution plan are as follows:</p> <p>(1) considered and approved by more than half of all directors;</p> <p>(2) considered and approved by more than half of all supervisors;</p> <p>(3) considered and approved at the shareholders' general meeting by way of an ordinary resolution. During the general meeting when discussing and considering the matters relating to profit distributing, various methods such as internet voting, and establishing an investors communication forum on the Company's website can be used to give public shareholders the opportunity to express their opinions and enquiries.</p>

Original Articles	Amended Articles
<p>Article 176 Adjustment to profit distribution policy</p> <p>When the Company’s external operation environment experiences significant changes and thus significantly affect the Company’s production operations, or when the Company experiences relatively major changes in its operations such that the implementation of the current profit distribution policy may severely affect the sustainable development of the Company, the Company can make adjustments to the profit distributing policy in that particular year in accordance with the procedures as follow:</p> <p>(1) the Board shall be responsible for preparing a written report setting out the reasons for the adjustments to be made to the profit distribution policy for that particular year;</p> <p>(2) independent directors shall give their independent opinion thereon, and adjustments must be approved by more than half of the independent directors;</p> <p>(3) considered and approved by not less than two-thirds of all directors;</p> <p>(4) considered and approved by not less than two-thirds of all supervisors;</p> <p>(5) considered and approved at the shareholders’ general meeting by way of a special resolution. The Company should provide internet voting for the convenience of public shareholders.</p>	<p>Article 176 Adjustment to profit distribution policy</p> <p>When the Company’s external operation environment experiences significant changes and thus significantly affect the Company’s production operations, or when the Company experiences relatively major changes in its operations such that the implementation of the current profit distribution policy may severely affect the sustainable development of the Company, the Company can make adjustments to the profit distributing policy in that particular year in accordance with the procedures as follow:</p> <p>(1) the Board shall be responsible for preparing a written report setting out the reasons for the adjustments to be made to the profit distribution policy for that particular year;</p> <p>(2) considered and approved by not less than two-thirds of all directors;</p> <p>(3) considered and approved by not less than two-thirds of all supervisors;</p> <p>(4) considered and approved at the shareholders’ general meeting by way of a special resolution. The Company should provide internet voting for the convenience of public shareholders.</p>

Original Articles	Amended Articles
<p>Article 177 If the conditions for distributing cash dividends are satisfied, but such cash distribution has not been made due to the special circumstances as set out in Article 174, the Company should disclose in periodic reports matters such as the reason for not distributing cash dividends, the exact use of the funds retained by the Company as well as the expected proceeds from the investment. Independent directors should give their independent opinion thereon.</p>	<p><u>Article 177 The Company shall disclose in detail the formulation and implementation of cash dividend policy in its annual reports, with specific explanations on the following matters:</u></p> <p><u>(1) whether it is in compliance with the provisions of this Articles of Association or requirements of the resolutions of the shareholders' general meeting;</u></p> <p><u>(2) whether the criteria and proportion of dividend distribution is specific and clear;</u></p> <p><u>(3) whether the relevant decision-making procedures and mechanism are complete;</u></p> <p><u>(4) if the Company has not made cash dividends, it shall disclose the specific reasons therefor and the next steps it intends to take to enhance the level of investor returns;</u></p> <p><u>(5) whether minority shareholders have opportunities to fully express their opinions and requests and whether the legitimate interests and interests of minority shareholders are fully protected.</u></p> <p><u>Where adjustments or changes are made to the cash dividend policy, a detailed explanation shall also be provided as to whether the conditions and procedures for such adjustments or changes are compliant and transparent.</u></p>

Note:

- ① The Proposed Amendment is subject to the approval of the shareholders' general meeting. The proposed amendments relating to registered capital and number of shares (i.e. Articles 4, 16 and 17 of the amended Articles of Association) shall become effective after obtaining shareholders' approval and after the payment of 2023 bonus shares by the Company. The other proposed amendments will become effective once obtaining shareholders' approval.
- ② Pursuant to the profit distribution policy of the Company for 2023-2025 (as approved at the 2023 first extraordinary general meeting), the total cash dividends to be distributed for each fiscal year in 2023-2025 shall account for approximately 60% of the Company's net profit for the year after deducting the statutory reserves, and the cash dividend per share shall not be less than RMB0.5.

The Proposed Amendment is finally subject to the change of registration by the municipal registration authority of Jining City, Shandong Province, and the other terms of the Articles of Association remain unchanged except the amendments above.

II. AMENDMENTS TO RULES OF PROCEDURE OF THE BOARD**(I) Further Clarification of the Effect of Party Committee and the Board on the Governance of the Company**

The Party Committee of the Company takes a leading role in guiding the direction, managing the overall situation and ensuring the implementation. Material operation and management issues shall be subject to prior study and discussion by Party Committee and decided by the Board in accordance with its powers and procedures. The Board is the main body of the Company's management decision-making, and is responsible for setting strategies, making decisions, preventing risks, and exercising the right to make major decisions in accordance with legal procedures and the Articles of Association.

(II) Further Refinement and Improvement of the Board's Responsibility and Authority

Pursuant to the requirements of Shandong Energy, the Board has added the following functions: firstly, to decide on the establishment or abolition of branches and other institutions; secondly, to formulate the Company's major income distribution plan; thirdly, to decide on the Company's risk management system, internal control system, working system to hold the violator of investment regulation accountable for liabilities and legal compliance management system, and to review the report on the Company's internal audit work; and fourthly, to establish and improve the closed-loop management system for strategic planning.

(III) Addition of Agenda of the Board

List by category the matters to be considered and approved and decided by the Board and the matters to be formulated and submitted for approval.