

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**ABSORPTION AND MERGER AGREEMENT**

Reference is made to the announcement of the Company dated 26 August 2022 in relation to (1) the potential Absorption and Merger; (2) the First Financial Services Agreement; and (3) the Second Financial Services Agreement.

The Board is pleased to announce that, on 8 September 2022, Shandong Energy Finance Company and Yankuang Finance Company, a non-wholly owned subsidiary of the Company, entered into the Absorption and Merger Agreement, pursuant to which Yankuang Finance Company shall be merged and absorbed by Shandong Energy Finance Company.

The Merged Enterprise will be the surviving company upon Completion, and continue to use its existing name, i.e. Shandong Energy Finance Company, and become the owner of all of the assets, liabilities, operations, personnel, contracts and all other rights and obligations of Yankuang Finance Company. Yankuang Finance Company will be dissolved and deregistered.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Absorption and Merger exceed 5% but all are less than 25%, the Absorption and Merger constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company and it directly holds approximately 66.67% equity interest in Shandong Energy Finance Company. Therefore, Shandong Energy Finance Company is an associate of Shandong Energy pursuant to Rule 14A.13(1) of the Listing Rules and hence a connected person of the Company pursuant to Rule 14A.04(4) of the Listing Rules. Hence, the Absorption and Merger contemplated under the Absorption and Merger Agreement constitutes a connected transaction of the Company. Accordingly, the Absorption and Merger constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the shareholding ratio in the Merged Enterprise upon Completion was determined with references to, among other things, the valuation of the market value of the entire equity interest of shareholders of each of Shandong Energy Finance Company and Yankuang Finance Company as at 30 June 2022 as set out in the Valuation Reports, which were prepared based on the discounted cash flow method under the income approach by the Independent Valuer, such valuations constitute a profit forecast under Rule 14.61 of the Listing Rules.

## **GENERAL**

As Mr. Li Wei, Mr. Liu Jian and Mr. Zhu Qingrui are regarded as having material interests in the Absorption and Merger Agreement and the transactions contemplated thereunder, they have abstained from voting on the relevant resolutions of the Board for approving the Absorption and Merger Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the Absorption and Merger Agreement and the transactions contemplated thereunder.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder after taking into account the recommendations of the Independent Financial Adviser.

The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder.

As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company holding, directly and indirectly, approximately 54.92% of the issued share capital of the Company. By virtue of its relationship with Shandong Energy Finance Company, Shandong Energy and its associates will abstain from voting at the EGM approving the Absorption and Merger Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, save as disclosed above, no other Shareholder is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

A circular containing, among other things, (i) particulars of the Absorption and Merger Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company; and (iv) other relevant matters as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 20 October 2022, as additional time is required to prepare certain information to be contained in the circular by the Company.

**As the Completion of the Absorption and Merger is subject to the satisfaction of the conditions precedent set out therein, the Absorption and Merger Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## INTRODUCTION

Reference is made to the announcement of the Company dated 26 August 2022 in relation to (1) the potential Absorption and Merger; (2) the First Financial Services Agreement; and (3) the Second Financial Services Agreement.

The Board is pleased to announce that, on 8 September 2022, Shandong Energy Finance Company and Yankuang Finance Company, a non-wholly owned subsidiary of the Company, entered into the Absorption and Merger Agreement, pursuant to which Yankuang Finance Company shall be merged and absorbed by Shandong Energy Finance Company.

## THE ABSORPTION AND MERGER AGREEMENT

Date: 8 September 2022

Parties: Shandong Energy Finance Company; and  
Yankuang Finance Company

Consideration: Nil

### The status of Shandong Energy Finance Company and Yankuang Finance Company prior to Completion

	Shandong Energy Finance Company	Yankuang Finance Company
Registered capital	RMB3,000,000,000	RMB4,000,000,000

The registered capital and total investment of each of Shandong Energy Finance Company and Yankuang Finance Company have been fully paid up and no additional payment is required pursuant to the Absorption and Merger Agreement.

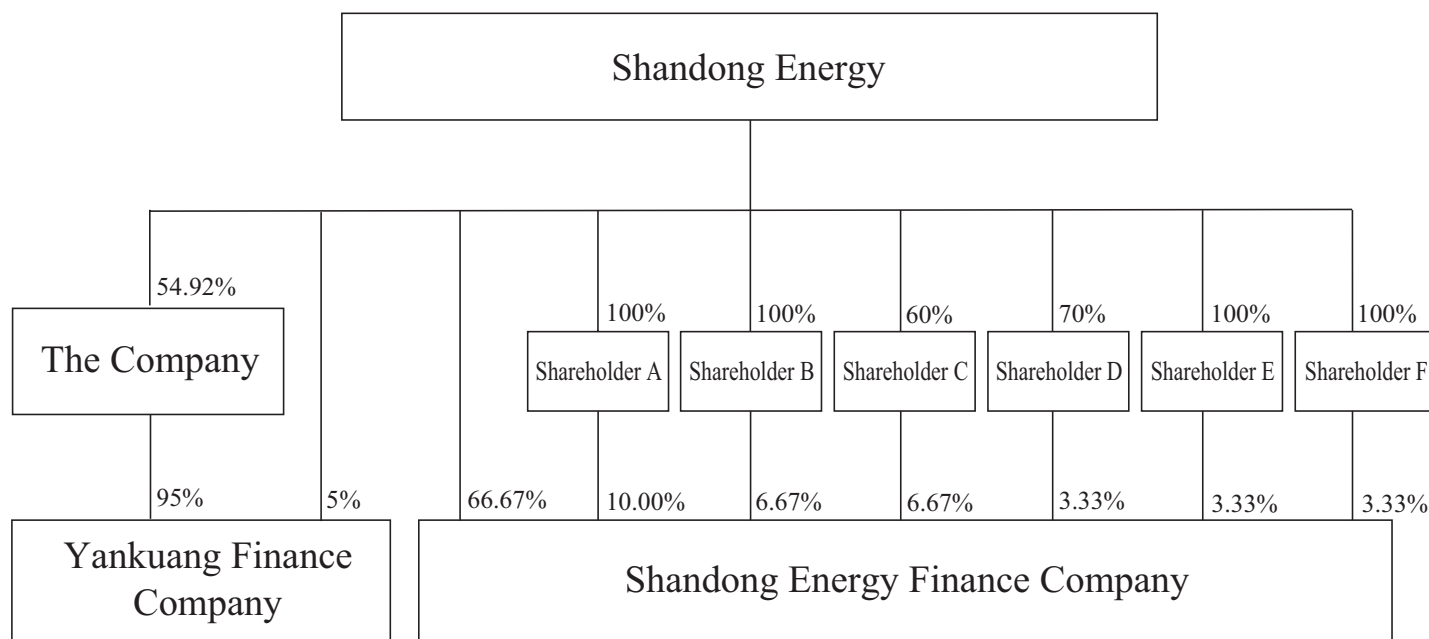
## The status of the Merged Enterprise upon Completion

**The Merged  
Enterprise**

Registered capital

RMB7,000,000,000

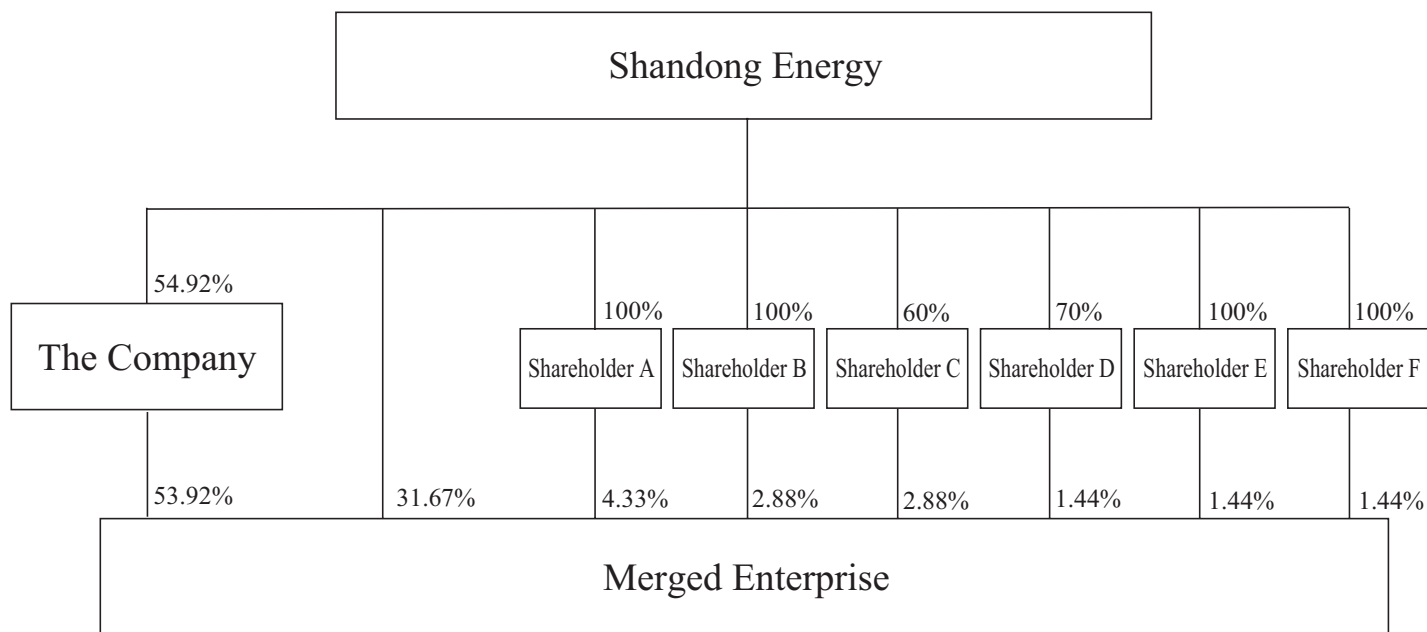
### The shareholding structure of the relevant parties immediately before the Completion



As at the date of this announcement, Shandong Energy Finance Company is directly owned as to approximately 66.67% by Shandong Energy, directly owned as to approximately 10.00% by Shareholder A, directly owned as to approximately 6.67% by Shareholder B, directly owned as to approximately 6.67% by Shareholder C, directly owned as to approximately 3.33% by Shareholder D, directly owned as to approximately 3.33% by Shareholder E and directly owned as to approximately 3.33% by Shareholder F as at the date of this announcement. Shareholder A, Shareholder B, Shareholder E and Shareholder F are in turn wholly-owned by Shandong Energy; while Shareholder C and Shareholder D are owned as to 60% and 70% by Shandong Energy, respectively.

As at the date of this announcement, Yankuang Finance Company is owned as to 95% and 5% by the Company and Shandong Energy, respectively.

## The shareholding structure of the relevant parties immediately after the Completion



Upon Completion, the Merged Enterprise, will be directly owned as to approximately 53.92% by the Company, directly owned as to approximately 31.67% by Shandong Energy, directly owned as to approximately 4.33% by Shareholder A, directly owned as to approximately 2.88% by Shareholder B, directly owned as to approximately 2.88% by Shareholder C, directly owned as to approximately 1.44% by Shareholder D, directly owned as to approximately 1.44% by Shareholder E and directly owned as to approximately 1.44% by Shareholder F. Shareholder A, Shareholder B, Shareholder E and Shareholder F are in turn wholly-owned by Shandong Energy; while Shareholder C and Shareholder D are owned as to 60% and 70% by Shandong Energy, respectively.

The registered capital of the Merged Enterprise will be the aggregate of the registered capital of Shandong Energy Finance Company and Yankuang Finance Company prior to the Absorption and Merger, being RMB7,000,000,000.

The Merged Enterprise will be the surviving company upon Completion, and continue to use its existing name, i.e. Shandong Energy Finance Company, and become the owner of all of the assets, liabilities, operations, personnel, contracts and all other rights and obligations of Yankuang Finance Company.

Upon Completion, Yankuang Finance Company will be dissolved and deregistered and will cease to be a subsidiary of the Company; and the Merged Enterprise will become a subsidiary of the Company and its financial results will be consolidated into the results of the Group.

### EFFECTIVE CONDITIONS

The Absorption and Merger Agreement shall be effective upon satisfaction of the following conditions:

- (i) the shareholders of each of Shandong Energy Finance Company and Yankuang Finance Company have approved the Absorption and Merger at their respective shareholders' meetings;
- (ii) the Company has obtained approval of the Absorption and Merger from the Independent Shareholders at the EGM in accordance with the Listing Rules and applicable laws and regulations in the PRC;

(iii) approval for the Absorption and Merger has been obtained from CBIRC; and

(iv) approval for the Absorption and Merger has been obtained from Shandong Energy.

## **BASIS FOR DETERMINING THE SHAREHOLDING RATIO IN THE MERGED ENTERPRISE UPON COMPLETION**

The shareholding ratio in the Merged Enterprise upon Completion was determined with references to (i) the capital contribution of the shareholders of each of Shandong Energy Finance Company and Yankuang Finance Company; and (ii) the valuation of the market value of the entire equity interest of shareholders of each of Shandong Energy Finance Company and Yankuang Finance Company as at 30 June 2022 as set out in the Valuation Reports, being approximately RMB4,641.8 million and approximately RMB6,091.3 million, respectively.

## **REASONS FOR AND BENEFITS OF THE ABSORPTION AND MERGER**

The Company is principally engaged in the business of mining, high-end chemical new materials, new energy, high-end equipment manufacturing and smart logistics.

Both Shandong Energy Finance Company and Yankuang Finance Company are principally engaged in the provision of guarantee between members; provision of entrusted loans between members; provision of bill acceptance and discount services to members; provision of internal fund transfer and settlement services and corresponding settlement and clearing planning to members; accepting deposits from members; and provision of loans and finance leasing to members.

According to the Measures for the Implementation of Administrative Permits for Non-Banking Financial Institutions of the CBIRC (CBIRC Decree No. 6 of 2020), an enterprise group can only set up one finance company. As such, the Company, as a shareholder of Yankuang Finance Company, is required to consolidate Yankuang Finance Company and Shandong Energy Finance Company by way of implementing the Absorption and Merger in accordance with the law.

Upon Completion, the Merged Enterprise will further increase the capacity of its investment, financing and guarantee business in the future, enhance the competitiveness of services to its members and further improve the quality of its assets and profitability. As the controlling shareholder of the Merged Enterprise, the Company will enjoy the economic benefits of the improved profitability of the Merged Enterprise and maintain a stable return on its investment.

The Directors (including independent non-executive Directors) are of the view that the Absorption and Merger Agreement is on normal commercial terms which have been negotiated at an arm's length basis and are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. As Mr. Li Wei, Mr. Liu Jian and Mr. Zhu Qingrui are regarded as having material interests in the Absorption and Merger Agreement and the transactions contemplated thereunder, they have abstained from voting on the relevant resolutions of the Board for approving the Absorption and Merger Agreement and the transactions contemplated thereunder.

## INFORMATION ON THE PARTIES

### Shandong Energy Finance Company

Shandong Energy Finance Company is a subsidiary of Shandong Energy registered and established in Shandong Province on 30 December 2013. The principal businesses of Shandong Energy Finance Company include provision of guarantee between members; provision of entrusted loans between members; provision of bill acceptance and discount services to members; provision of internal fund transfer and settlement services and corresponding settlement and clearing planning to members; accepting deposits from members; provision of loans and finance leasing to members. Shandong Energy Finance Company is a non-banking financial institution legally established with the approval of the CBIRC.

Set out below are certain audited financial information of Shandong Energy Finance Company prepared in accordance with PRC accounting standard for the two financial years ended 31 December 2021:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
	<i>RMB</i>	<i>RMB</i>
Revenue	693,973,644.33	579,981,765.10
Net profit before tax	403,153,113.63	376,776,520.49
Net profit after tax	320,517,582.00	253,355,865.04

As at 31 December 2021, the audited net assets value of Shandong Energy Finance Company as shown in its audited financial statements was approximately RMB4,627,023,540.

### Yankuang Finance Company

Yankuang Finance Company is a subsidiary of the Company registered and established in Shandong Province on 13 September 2010. The principal businesses of Yankuang Finance Company include provision of guarantee between members; provision of entrusted loans between members; provision of bill acceptance and discount services to members; provision of internal fund transfer and settlement services and corresponding settlement and clearing planning to members; accepting deposits from members; provision of loans and finance leasing to members. Yankuang Finance Company is a non-banking financial institution legally established with the approval of the CBIRC.

Set out below are certain audited financial information of Yankuang Finance Company prepared in accordance with PRC accounting standard for the two financial years ended 31 December 2021:

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
	<i>RMB</i>	<i>RMB</i>
Revenue	390,118,253.83	525,371,382.38
Net profit before tax	272,895,238.39	448,249,241.67
Net profit after tax	204,425,315.48	336,210,272.64

As at 31 December 2021, the audited net assets value of Yankuang Finance Company as shown in its audited financial statements was approximately RMB5,701,866,642.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Absorption and Merger exceed 5% but all are less than 25%, the Absorption and Merger constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company and it directly holds approximately 66.67% equity interest in Shandong Energy Finance Company. Therefore, Shandong Energy Finance Company is an associate of Shandong Energy pursuant to Rule 14A.13(1) of the Listing Rules and hence a connected person of the Company pursuant to Rule 14A.04(4) of the Listing Rules. Hence, the Absorption and Merger contemplated under the Absorption and Merger Agreement constitutes a connected transaction of the Company. Accordingly, the Absorption and Merger constitutes a connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the shareholding ratio in the Merged Enterprise upon Completion was determined with references to, among other things, the valuation of the market value of the entire equity interest of shareholders of each of Shandong Energy Finance Company and Yankuang Finance Company as at 30 June 2022 as set out in the Valuation Reports, which were prepared based on the discounted cash flow method under the income approach by the Independent Valuer, such valuations constitute a profit forecast under Rule 14.61 of the Listing Rules.

Pursuant to Rule 14.62(1) of the Listing Rules, the following are the details of the principal assumptions, including commercial assumptions, on which the Valuation Reports prepared by the Independent Valuer were based:

The assumptions upon which the valuations were based, as contained in each of the Valuation Reports for Shandong Energy Finance Company and Yankuang Finance Company, are identical and are set out below:

### **I. General Assumptions**

#### ***1. Transaction Assumption***

The transaction assumption is to assume that all assets to be appraised are in the process of transaction, and the Independent Valuer conducts valuation in a simulated market based on the trading conditions of the assets to be appraised. Transaction assumption is the most fundamental assumption for the implementation of asset valuation.

#### ***2. Open Market Assumption***

The open market assumption is to assume that assets traded in the market or to be traded in the market, the transactions parties are equal to each other in asset transactions, and each has the opportunity and time to obtain sufficient market information to make rational judgments on the function, use and transaction price of the assets. The open market assumption is based on the fact that assets can be bought and sold publicly in the market.



### **3. *Business going-concern Assumption***

The business going-concern assumption refers to a valuation assumption made by taking the whole assets of the enterprise as the object of evaluation. Namely, it is assumed that the enterprise as the operating entity operates continually in pursuit of its operation objectives under its external environment. The operators of the enterprise are responsible and capable of assuming liabilities; and the enterprise conducts lawful operation, and is able to earn appropriate profits to maintain its capability to operate as a going-concern.

## **II. Special Assumptions**

1. The macroeconomic policy, industrial policy and development policy of the countries and regions where Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) are located, except for those known to the public, does not change significantly after the Benchmark Date.
2. There is no significant change in tax benchmarks, tax rates, and policy levy charges applicable to Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) after the Benchmark Date, except for those known to the public.
3. The management of Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) fulfil their duties on the Benchmark Date, and will continue to maintain the existing business management model for continuous operation.
4. The accounting policies adopted by Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) and the accounting policies and accounting methods adopted in the preparation of appraisal reports after the Benchmark Date shall be consistent in material aspects.
5. The acquisition and utilization methods of the production and business premises of Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) will be consistent as they were as at the Benchmark Date without any change.
6. The composition of income and cost and business strategy of Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) will continue to operate in the future operating period in accordance with the business plan determined on the Benchmark Date. The profits and losses caused by changes in business types as a result of changes in management, business strategies and business environment in the future are not taken into account.
7. It is assumed that in the future operating period, the various expenses of Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) during the period will continue to be incurred according to the business plan and business needs as at the Benchmark Date.
8. It is assumed that there are no other man-made irresistible factors and unforeseen factors during the forecast period which will cause significant adverse effects Shandong Energy Finance Company or Yankuang Finance Company (as the case may be).

9. It is assumed that the basic information and financial information provided by Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) are true, accurate and complete.
10. The scope of assessment is only based on the assessment declaration form provided by Shandong Energy Finance Company or Yankuang Finance Company (as the case may be), without considering the contingent assets and contingent liabilities that may exist outside the list provided by Shandong Energy Finance Company or Yankuang Finance Company (as the case may be).
11. It is assumed that operating cash inflows and cash outflows will occur evenly in the future earnings period of Shandong Energy Finance Company or Yankuang Finance Company (as the case may be).
12. All assets in this appraisal are premised on the actual stock on the Benchmark Date, and the current market price of the relevant assets is based on the effective domestic price on the Benchmark Date.
13. The main business income of Shandong Energy Finance Company or Yankuang Finance Company (as the case may be) mainly comes from net interest income, handling fee and commission income and investment income, regardless of possible new business in the future.
14. The future net profit will be distributed to the greatest extent possible after satisfying the business development and capital control of Shandong Energy Finance Company or Yankuang Finance Company (as the case may be).

## **Confirmations**

SHINEWING (HK) CPA Limited, the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations of the profit forecast on which the valuations as contained in the Valuation Reports are based, which involve the adoption of accounting policies and the appropriateness and validity of the assumptions. The Board has confirmed that the profit forecasts for the Target Company as set out in the Valuation Report have been made after due and careful enquiry by the Board.

The text of the report from SHINEWING (HK) CPA Limited and the letter issued by the Board, both dated 8 September 2022, are set out in Appendix I and Appendix II to this announcement, respectively.

The qualifications of the experts who have given their conclusion or advices included in this announcement are set out as below:

<b>Name</b>	<b>Qualification</b>
SHINEWING (HK) CPA Limited	Certified Public Accountants
China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司)	Independent valuer in the PRC

To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiries, each of the Independent Valuer and SHINEWING (HK) CPA Limited is a third party independent of the Group and its connected person(s).

To the best of the Directors' knowledge, information and belief, as at the date of this announcement, none of the Independent Valuer or SHINEWING (HK) CPA Limited has any shareholding, directly or indirectly, in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

Each of the Independent Valuer and SHINEWING (HK) CPA Limited had given and has not withdrawn its respective written consent to the publication of this announcement with the inclusion of its respective name, letter, statements and all references to its name (including its qualification) in the form and context in which it respectively appears.

## **GENERAL**

As Mr. Li Wei, Mr. Liu Jian and Mr. Zhu Qingrui are regarded as having material interests in the Absorption and Merger Agreement and the transactions contemplated thereunder, they have abstained from voting on the relevant resolutions of the Board for approving the Absorption and Merger Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the Absorption and Merger Agreement and the transactions contemplated thereunder.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder after taking into account the recommendations of the Independent Financial Adviser.

The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder.

As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company holding, directly and indirectly, approximately 54.92% of the issued share capital of the Company. By virtue of its relationship with Shandong Energy Finance Company, Shandong Energy and its associates will abstain from voting at the EGM approving the Absorption and Merger Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, save as disclosed above, no other Shareholder is required to abstain from voting on the relevant resolution(s) to be proposed at the EGM.

A circular containing, among other things, (i) particulars of the Absorption and Merger Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of the Company; and (iv) other relevant matters as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 20 October 2022, as additional time is required to prepare certain information to be contained in the circular by the Company.

**As the Completion of the Absorption and Merger is subject to the satisfaction of the conditions precedent set out therein, the Absorption and Merger Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Absorption and Merger”	the absorption and merger of Yankuang Finance Company by Shandong Energy Finance Company pursuant to the terms and conditions of the Absorption and Merger Agreement
“Absorption and Merger Agreement”	the absorption and merger agreement entered into between Shandong Energy Finance Company and Yankuang Finance Company on 8 September 2022
“associate(s)”	has the meaning as ascribed thereto in the Listing Rules
“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
“Benchmark Date”	30 June 2022, being the benchmark date adopted for the purpose of the Valuation Reports
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission
“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
“Completion”	completion of the Absorption and Merger in accordance with the Absorption and Merger Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering, if thought fit, approving, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder

“First Financial Services Agreement”	the financial services agreement entered into between Shandong Energy Finance Company and Shandong Energy on 26 August 2022
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established to advise the Independent Shareholders in respect of, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	Donvex Capital Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of, among others, the Absorption and Merger Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Shandong Energy and its associates, and who are not involved in, or interested in the Absorption and Merger Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons
“Independent Valuer”	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), an independent valuer in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Merged Enterprise”	the merged enterprise and surviving company upon Completion, being Shandong Energy Finance Company, after Absorption and Merger with Yankuang Finance Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan Region
“RMB”	Renminbi, the lawful currency of the PRC

“Second Financial Services Agreement”	the financial services agreement entered into between Shandong Energy Finance Company and the Company on 26 August 2022
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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 54.92% of the total issued share capital of the Company as at the date of this announcement
“Shandong Energy Finance Company”	Shandong Energy Group Finance Co., Ltd.* (山東能源集團財務有限公司), a company established in the PRC. Shandong Energy Finance Company is directly owned as to approximately 66.67% by Shandong Energy as at the date of this announcement and will be the surviving company upon Completion
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder A”	Zibo Mining Group Co., Ltd.* (淄博礦業集團有限責任公司), a company established in the PRC and principally engaged in mining and sales of coal, which is directly wholly-owned by Shandong Energy
“Shareholder B”	Linyi Mining Group Co., Ltd.* (臨沂礦業集團有限責任公司), a company established in the PRC and principally engaged in mining business, which is directly wholly-owned by Shandong Energy
“Shareholder C”	Shandong Xingulong Energy Co., Ltd.* (山東新巨龍能源有限責任公司), a company established in the PRC and principally engaged in sales of construction materials and mining equipment, which is owned as to (i) 60% indirectly by Shandong Energy; (ii) 30% by Junxiao Co., Ltd.* (俊曉有限公司), which is in turn wholly-owned by CITIC Pacific Limited* (中信泰富有限公司); and (iii) 10% by Juye Lulin Mining Co., Ltd.* (巨野魯麟礦業有限公司), which is in turn wholly-owned by Juye County Finance Bureau* (巨野縣財政局)

“Shareholder D”	Shandong Dongyue Energy Co., Ltd.* (山東東嶽能源有限公司), a company established in the PRC and principally engaged in provision of transportation services, which is owned as to (i) 70% indirectly by Shandong Energy; (ii) 20% by Feicheng Urban Construction Investment Group Co., Ltd.*(肥城市城市建設投資集團有限公司), which is in turn wholly-owned by Feicheng State-owned Assets Operation Centre* (肥城市國有資產運營中心); and (iii) 10% by Shiheng Special Steel Holding Group Co., Ltd.*(石橫特鋼控股集團有限公司)
“Shareholder E”	Longkou Mining Group Co., Ltd.* (龍口礦業集團有限公司), a company established in the PRC and principally engaged in mining and sales of coal, which is directly wholly-owned by Shandong Energy
“Shareholder F”	Zao Zhuang Mining (Group) Co., Ltd.* (棗莊礦業(集團)有限責任公司), a company established in the PRC and principally engaged in sales of coal and mining project management, which is directly wholly-owned by Shandong Energy
“Valuation Reports”	collectively, the valuation reports of Shandong Energy Finance Company and Yankuang Finance Company each prepared by the Independent Valuer
“Yankuang Finance Company”	Yankuang Group Finance Co., Ltd.* (兗礦集團財務有限公司), a limited liability company established in the PRC, which is owned as to 95% by the Company and 5% by Shandong Energy respectively as at the date of this announcement
“%”	per cent.

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

Zoucheng, Shandong Province, the PRC  
8 September 2022

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

\* For identification purpose only

## APPENDIX I – LETTER FROM SHINEWING (HK) CPA LIMITED

*The following is the text of a report from the Company’s reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, for inclusion in this announcement.*

8 September 2022

The Board of Directors  
Yankuang Energy Group Company Limited  
949 Fushan South Road  
Zoucheng City Shandong Province,  
PRC

Dear Sirs,

### INDEPENDENT ASSURANCE REPORT

We have examined the accounting policies adopted and calculations of the underlying profit forecast (the “**Underlying Forecast**”) to the business valuation dated 15 August 2022 prepared by China United Assets Appraisal Group Company Limited (the “**Valuer**”) in respect of the valuation on Shandong Energy Group Finance Co., Ltd.\* (山東能源集團財務有限公司) and Yankuang Group Finance Co., Ltd.\* (兗礦集團財務有限公司) (collectively the “**Target Companies**”) in connection with the proposed absorption and merger of the Target Companies by Yankuang Energy Group Company Limited, (the “**Company**”) as of 30 June 2022 as set out in the announcement of the Company dated 8 September 2022 (the “**Announcement**”).

### Directors’ Responsibilities

The directors of the Company and the Target Companies (the “**Directors**”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Companies based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”) that include hypothetical assumptions about future events and management’s actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

### Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, (“**HKICPA**”) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



## **Reporting Accountant’s Responsibilities**

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) (“**HKSAE 3000 (Revised)**”) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures specified in Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecast, Statements of Sufficiency of Working Capital and Statements of Indebtedness” issued by the HKICPA. We examined the consistency of accounting policies adopted and the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors.

Our work does not constitute any valuation of the Target Companies. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

## **Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Underlying Forecast has been properly compiled in accordance with the Assumptions adopted by the Directors as set out in the Announcement and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

Yours faithfully,

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Lau Kai Wong**

Practising Certificate Number: P06623

Hong Kong

\* *English name for identification purpose only*

## APPENDIX II – LETTER FROM THE BOARD

*The following is the text of a letter from the Board prepared for the purpose of incorporation in this announcement.*

8 September 2022

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

Dear Sirs,

### **Discloseable and Connected Transaction in relation to the Absorption and Merger**

We refer to the announcement of the Company dated 8 September 2022 (the “**Announcement**”), of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

References are made to (i) the valuation report in relation to the valuation of Shandong Energy Finance Company dated 15 August 2022; and (ii) the valuation report in relation to the valuation (together with the valuation of Shandong Energy Finance Company, collectively the “**Valuations**”) of Yankuang Finance Company dated 15 August 2022 (collectively, the “**Valuation Reports**”), both prepared by China United Assets Appraisal Group Co., Ltd.\* (中聯資產評估集團有限公司), an independent valuer (the “**Independent Valuer**”). The Valuations, which were prepared based on the discounted cash flow method, are deemed to be a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Independent Valuer and reviewed the assumptions based upon which the Valuation Reports were prepared. We have also engaged SHINEWING (HK) CPA Limited to report on the calculations of the profit forecast used in the Valuation Reports and considered the report from SHINEWING (HK) CPA Limited.

Based on the aforesaid, we confirm that the profit forecast as contained in the Valuation Reports have been made after due and careful inquiry.

Yours faithfully,  
For and on behalf of the Board  
**Yankuang Energy Group Company Limited\***  
**Zhao Qingchun**  
*Director*