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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)**

**CONNECTED TRANSACTION**  
**ACQUISITION OF 75% EQUITY INTEREST IN ENERGY TOWER**  
**SHANGHAI COMPANY BY WAY OF CAPITAL INJECTION**

**The Capital Injection Agreement**

The Board announces that on 30 June 2022, the Company, Shandong Energy and Energy Tower Shanghai Company entered into the Capital Injection Agreement. According to the Capital Injection Agreement, the Company shall contribute RMB861 million (with the subscription price at RMB2.87 per share) to Energy Tower Shanghai Company in cash. Upon the completion of the Capital Injection, the Company and Shandong Energy shall hold 75% and 25% equity interest in Energy Tower Shanghai Company respectively, and Energy Tower Shanghai Company will become a subsidiary of the Company.

**Listing Rules Implications**

As at the date of this announcement, Shandong Energy is the controlling shareholder of the Company, directly and indirectly holding approximately 54.92% of the issued share capital of the Company; Energy Tower Shanghai Company is a wholly-owned subsidiary of Shandong Energy, therefore Shandong Energy and Energy Tower Shanghai Company are both connected persons of the Company. Accordingly, the transaction contemplated under the Capital Injection constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Capital Injection is more than 0.1% but less than 5%, the Capital Injection will be subject to the reporting and announcement requirements, but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**I. OVERVIEW OF THE CAPITAL INJECTION**

***Introduction***

The Board announces that on 30 June 2022, the Company, Shandong Energy and Energy Tower Shanghai Company entered into the Capital Injection Agreement. According to the

Capital Injection Agreement, the Company shall contribute RMB861 million (with the subscription price at RMB2.87 per share) to Energy Tower Shanghai Company in cash. Upon the completion of the Capital Injection, the Company and Shandong Energy shall hold 75% and 25% equity interest in Energy Tower Shanghai Company respectively, and Energy Tower Shanghai Company will become a subsidiary of the Company.

***Date***

30 June 2022

***Major Terms***

**(a) Parties**

The Company;  
Shandong Energy; and  
Energy Tower Shanghai Company

**(b) Capital Injection**

Before the Capital Injection, the registered capital of Energy Tower Shanghai Company is RMB100 million. According to the Capital Injection Agreement, the registered capital of Energy Tower Shanghai Company shall increase to RMB400 million from RMB100 million, the RMB300 million increased shall be subscribed by the Company in cash. Upon the completion of the Capital Injection, the shareholding structure of Energy Tower Shanghai Company is as follows:

Name of Shareholder	Registered Capital (RMB'000)		Shareholding Percentage (%)
	Before the Capital Injection	After the Capital Injection	
Shandong Energy	100,000	100,000	25
the Company	—	300,000	75
<b>Total</b>	100,000	400,000	100

**(c) Consideration and its Basis**

According to the valuation report (Tian Xing Ping Bao Zi (2022) No. 0465) issued by Beijing Pan-China Assets Appraisal Co., Ltd.\* (北京天健興業資產評估有限公司) with 31 January 2022 as the valuation benchmark date, the asset-based approach was adopted to appraise the entire shareholders' equity of Energy Tower Shanghai Company and the book value of the net assets of Energy Tower Shanghai Company was RMB55,434,100 and the appraised value was RMB286,852,800, representing an appreciation of RMB231,418,700 or an appreciation rate of 417.47%. The increase in appraisal value was mainly due to the increase in land appraisal value of RMB233,002,900, which was mainly due to the fact that Energy Tower Shanghai Company had actually acquired the land at an earlier time with a lower cost, and the increase in land prices in Shanghai Jing'an District in recent years.

Based on the aforesaid valuation report, the subscription price of the Company in the Capital Injection is RMB2.87 per share and the total consideration for the Capital Injection is RMB861 million, among which RMB300 million will be accounted for the registered capital of Energy Tower Shanghai Company and the remaining RMB561

million will be included in the capital reserve of Energy Tower Shanghai Company.

**(d) Payment**

The Company shall, within seven working days from the approval of the Capital Injection by Shanghai Jing'an District Planning and Natural Resources Bureau\* (上海市靜安區規劃和自然資源局), make one-off payment to the bank account jointly designated by the parties to the Capital Injection Agreement.

**(e) Conditions Precedent**

- 1) The Company and Shandong Energy have executed and sealed the Capital Injection Agreement; and
- 2) The Company has completed the approval procedures as agreed by the Capital Injection Agreement.

**(f) Profit and Loss During the Transitional Period**

The transitional period is from the valuation benchmark date to the date when the share registration is completed. The net assets of Energy Tower Shanghai Company increased due to the realization of profits and other reasons during the transitional period shall be enjoyed by the original shareholder, while the net assets decreased due to losses and other reasons shall be borne by the original shareholder.

***Reasons and Benefits for the Capital Injection***

The Board is of the view that the major assets of Energy Tower Shanghai Company is a land use right located in Shanghai Jing'an District, the Company intend to construct its new Shanghai region headquarter on the land. Which will, firstly, make full use of the developed public transport, advantageous geographical location and strong commercial attributes of the land to further enhance the influence of the Company; and secondly, be beneficial to the Company's Shanghai subsidiaries to play synergy advantages, to accelerate the integrated operation of regional industries, as well as to optimize the regional industrial structure of the Company's business operation in Shanghai.

The Board is of the view that the Capital Injection is in the interests of the Company and the Shareholders as a whole and will not have adverse impact on the present and future financial position and operation of the Company.

***Listing Rules Implications***

As at the date of this announcement, Shandong Energy is the controlling shareholder of the Company, directly and indirectly holding approximately 54.92% of the issued share capital of the Company; Energy Tower Shanghai Company is a wholly-owned subsidiary of Shandong Energy, therefore Shandong Energy and Energy Tower Shanghai Company are both connected persons of the Company. Accordingly, the transaction contemplated under the Capital Injection constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the Capital Injection is more than 0.1% but less than 5%, which will be subject to the reporting and announcement requirements, but will be exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Capital Injection has been approved by the Board meeting, at which three connected Directors (i.e. Mr. Li Wei, Mr. Liu Jian and Mr. Zhu Qingrui) were regarded as having a material interest in the Capital Injection and abstained from voting on the relevant resolution. The other eight Directors considered and approved the Capital Injection. Save as disclosed above, none of the Directors abstained from voting on the relevant resolution at the aforesaid Board meeting convened for the purpose of approving such transaction.

The Directors (including the independent non-executive Directors) consider that the terms of the Capital Injection Agreement are normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## II. INFORMATION ON PARTIES

### *The Company*

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

### *Shandong Energy*

Shandong Energy is a state-controlled limited liability company, 90% equity interest of which is held directly and indirectly by the State-owned Assets Supervision and Administration Commission of Shandong Province, and the remaining 10% equity interest of which is indirectly held by the Department of Finance of Shandong Province. The principal business of Shandong Energy includes coal, thermal power generation, coal chemicals, high-end equipment manufacturing, new energy and materials, modern trade and logistics, etc.

### *Energy Tower Shanghai Company*

#### **General Information**

Energy Tower Shanghai Company was established in the PRC with limited liability in January 1996, which is a wholly-owned subsidiary of Shandong Energy as at the date of this announcement. The principal business of Energy Tower Shanghai Company includes hotel management, property management, parking services, etc.

#### **Financial Information**

Set out below is the audited consolidated financial information of Energy Tower Shanghai Company for the latest two financial years ended 31 December 2021 prepared in accordance with the PRC accounting standards for business enterprises:

	<i>Unit: RMB'000</i>	
	<b>Financial Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
Net profit before taxation	17.11	411.98
Net profit after taxation	17.11	411.98

### III. DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

"Board"	the board of Directors
"Capital Injection"	according to the Capital Injection Agreement, the Company intended to contribute RMB861 million to increase the capital of Energy Tower Shanghai Company
"Capital Injection Agreement"	the capital injection agreement entered into between the Company and Shandong Energy on 30 June 2022
"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
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Energy Tower Shanghai Company"	Shandong Energy Tower Shanghai Company Limited* (山東能源大廈上海有限公司), a wholly-owned subsidiary of Shandong Energy as at the date of this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	has the same meaning ascribed thereto under the Listing Rules
"PRC accounting standards for business enterprises"	Accounting Standards for Business Enterprises and the relevant regulations and explanations issued by the Ministry of Finance of the PRC
"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
"Shandong Energy" or "controlling shareholder"	Shandong Energy Group Company Limited* (山東能源集團有限公司), a state-controlled limited liability company 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

"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"%"	percentage

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

Zoucheng, Shandong Province, the PRC  
30 June 2022

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

*\* For identification purpose only*