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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)

**REVISION OF ANNUAL CAP UNDER EXISTING BULK COMMODITIES SALE AND
PURCHASE AGREEMENT; AND
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Revision of Annual Cap under Existing Bulk Commodities Sale and Purchase Agreement

As the overseas subsidiaries of the Company intend to expand coal sales channels through the affiliated trading companies of Shandong Energy, the aggregate value of the continuing connected transactions contemplated under the Existing Bulk Commodities Sale and Purchase Agreement for the year ending 31 December 2023 is expected to be higher than as envisaged at the time of entering into of the Existing Bulk Commodities Sale and Purchase Agreement, and the existing annual cap for the year ending 31 December 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement will not be sufficient to meet the business needs of the Group. In view of the aforesaid, on 25 August 2023, the Board has resolved to revise the existing annual cap for the year ending 31 December 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement to RMB6,000 million, while the terms of the Existing Bulk Commodities Sale and Purchase Agreement shall remain unchanged and be in force and effect.

Implications under the Listing Rules

As at the date of this announcement, Shandong Energy is a controlling Shareholder holding directly and indirectly approximately 54.67% of the issued share capital of the Company, and thus Shandong Energy constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Existing Bulk Commodities Sale and Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, as the Company has proposed to revise the annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to continuing connected transaction. As the highest of the relevant percentage ratios relating to the revised annual cap for the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement exceeds 5% on an annual basis, the revised annual caps is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Renewal of Continuing Connected Transactions

As the Existing Bulk Commodities Sale and Purchase Agreement and the Existing Finance Lease Agreement entered into between the Company and Shandong Energy will expire on 31 December 2023, on 25 August 2023, the Company and Shandong Energy entered into the Proposed Bulk Commodities Sale and Purchase Agreement and the Proposed Finance Lease Agreement to renew these continuing connected transactions, for a term of two years commencing from 1 January 2024 and expiring on 31 December 2025.

On 27 January 2022, the Company entered into the Existing Entrusted Management Service Framework Agreement with Shandong Energy for a term of three years commencing from 1 January 2022 and expiring on 31 December 2024. Considering that the Company intends to align the expiry date of all continuing connected transactions to end on 31 December 2025 to facilitate the unified management of continuing connected transaction between the Company and its connected persons, the Company entered into the Proposed Entrusted Management Service Framework Agreement with Shandong Energy on substantially the same terms on 25 August 2023, for a term of one year expiring on 31 December 2025.

Implications under the Listing Rules

1. Proposed Bulk Commodities Sale and Purchase Agreement

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement exceeds 5% on an annual basis, the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Proposed Finance Lease Agreement

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Finance Lease Agreement exceeds 0.1% but is less than 5% on an annual basis, the Proposed Finance Lease Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are subject to reporting and announcement requirements but are exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to, among others, the Proposed Finance Lease Agreement and the transactions contemplated thereunder for the Independent Shareholders' approval at the EGM.

3. Proposed Entrusted Management Service Framework Agreement

As the highest of the relevant percentage ratios in respect of the transactions under the Existing Entrusted Management Service Framework Agreement or the Proposed Entrusted Management Service Framework Agreement is less than 0.1% on an annual basis, the Existing Entrusted Management Service Framework Agreement or the Proposed Entrusted Management Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to, among others, the Proposed Entrusted Management Service Framework Agreement and the transactions contemplated thereunder for the Independent Shareholders' approval at the EGM.

Extraordinary General Meeting

The Board has formed the Independent Board Committee to advise the Independent Shareholders in respect of (i) the revision of the annual cap for 2023 relating to the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions and the proposed annual caps thereunder for the two years ending 31 December 2024 and 2025.

The Board has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the revision of the annual cap for 2023 relating to the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions and the proposed annual caps thereunder for the two years ending 31 December 2024 and 2025.

According to the applicable PRC regulations, the Company will submit the resolutions relating to the revision of the annual cap for 2023 relating to the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement, and each of the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement, the transactions and the respective proposed annual caps thereunder, for the Independent Shareholders' approval at the EGM.

A circular containing, among other things, (i) the revision of the annual cap for 2023 relating to the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement; (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement, the transactions and the respective proposed annual caps thereunder; (iii) a letter from the Independent Board Committee; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) other relevant matters as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 9 October 2023, as additional time is required to prepare certain information to be contained in the circular by the Company.

In this announcement, references to the Company and Shandong Energy in relation to the Existing Bulk Commodities Sale and Purchase Agreement, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement, the Existing Entrusted Management Service Framework Agreement and the Proposed Entrusted Management Service Framework Agreement and the transactions thereunder shall include, in the case of the Company, its subsidiaries, or, in the case of Shandong Energy, its subsidiaries (excluding the Group) and its associates.

I. REVISION OF ANNUAL CAP UNDER EXISTING BULK COMMODITIES SALE AND PURCHASE AGREEMENT

References are made to the announcement of the Company dated 9 December 2020 and the circular of the Company dated 13 January 2021 in relation to, among other things, the Existing Bulk Commodities Sale and Purchase Agreement entered into between the Company and Shandong Energy.

Under the Existing Bulk Commodities Sale and Purchase Agreement, the Company and Shandong Energy may, from time to time, sell or purchase coal, iron ores, rubber and other bulk commodities from each other, for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023. Among them, the annual cap for the year ending 31 December 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy is RMB3,270 million. As the overseas subsidiaries of the Company intend to expand coal sales channels through the affiliated trading companies of Shandong Energy, the aggregate value of the continuing connected transactions contemplated under the Existing Bulk Commodities Sale and Purchase Agreement for the year ending 31 December 2023 is expected to be higher than as envisaged at the time of entering into of the Existing Bulk Commodities Sale and Purchase Agreement, and the existing annual cap for the year ending 31 December 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement will not be sufficient to meet the business needs of the Group. In view of the aforesaid, on 25 August 2023, the Board has resolved to revise the existing annual cap for 2023 relating to the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement, while the terms of the Existing Bulk Commodities Sale and Purchase Agreement shall remain unchanged and be in force and effect.

The existing annual caps, the historical amounts and the revised annual cap

The existing annual caps, the historical amounts and the revised annual cap in respect of the transactions contemplated under the Existing Bulk Commodities Sale and Purchase Agreement are as follows:

Category	For the year ended 31 December 2021		For the year ended 31 December 2022		From 1 January 2023 to 30 June 2023	For the year ending 31 December 2023	
	Annual cap	Actual amount	Annual cap	Actual amount	Actual amount	Existing annual cap	Revised annual cap
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Sales of bulk commodities from the Company to Shandong Energy	2,970,000	2,303,620	3,270,000	2,300,588	1,297,300	3,270,000	6,000,000
Sales of bulk commodities from Shandong Energy to the Company	500,000	296,280	2,000,000 (Revised) ⁽¹⁾	321,071	373,917	2,000,000 (Revised) ⁽¹⁾	2,000,000
Total	<u>3,470,000</u>	<u>2,599,900</u>	<u>5,270,000</u>	<u>2,621,659</u>	<u>1,671,217</u>	<u>5,270,000</u>	<u>8,000,000</u>

Notes (1): For details of the annual caps for the two years ending 31 December 2023 for the continuing connected transactions in respect of the sales of bulk commodities from Shandong Energy to the Company under the Existing Bulk Commodities Sale and Purchase Agreement, please refer to the announcement of the Company dated 29 April 2022 and the circular of the Company dated 10 June 2022.

In terms of the transactions under the Existing Bulk Commodities Sale and Purchase Agreement, the actual amount as at the date of this announcement did not exceed the annual caps for the year 2023.

The revised annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement is determined with reference to (i) the historical amounts in respect of the transactions under the Existing Bulk Commodities Sale and Purchase Agreement; (ii) the average price of the relevant bulk commodities in 2023; and (iii) the adjusted sales plan of overseas subsidiaries of the Company in 2023.

The above revised annual cap for 2023 is made on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group.

Reasons for and benefits of the revision of annual cap

The affiliated trading companies of Shandong Energy have the relevant qualifications for coal import business and downstream customer resources. Through the cooperation with the affiliated trading companies of Shandong Energy, the overseas subsidiaries of the Company can further expand sales channels and increase sales scale, and capitalize on the difference in the price trend of domestic and foreign coal markets to improve profitability and avoid market risks. As the Company has a better understanding in the operation and reputation of Shandong Energy, the Company believes that the risk of trading with Shandong Energy Members is lower than trading with third parties. By selling bulk commodities to Shandong Energy Members, the Company could secure a long-term and stable revenue, which could reduce the operational risks of the entire trading business of the Group.

The Directors (excluding the independent non-executive Directors, whose opinion on the matter will be given in the circular after taking into account the advice of the Independent Financial Adviser in this regard) consider that the revised annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement are (i) on normal commercial terms and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As at the date of this announcement, Shandong Energy is a controlling Shareholder holding directly and indirectly approximately 54.67% of the issued share capital of the Company, and thus Shandong Energy constitutes a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Existing Bulk Commodities Sale and Purchase Agreement in 2023 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, as the Company has proposed to revise the annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement, the Company is required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to continuing connected transaction. As the highest of the relevant percentage ratios relating to the revised annual cap for the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement exceeds 5% on an annual basis, the revised annual caps is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

II. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to the announcement of the Company dated 9 December 2020 and the circular of the Company dated 13 January 2021 in relation to, among other things, (i) the Existing Bulk Commodities Sale and Purchase Agreement and (ii) the Existing Finance Lease Agreement entered into between the Company and Shandong Energy. As the aforementioned agreements will expire on 31 December 2023 and the parties thereto expect that the continuing connected transactions contemplated thereunder will continue on an ongoing basis, on 25 August 2023, the Company and Shandong Energy entered into (1) the Proposed Bulk Commodities Sale and Purchase Agreement and (2) the Proposed Finance Lease Agreement to renew these continuing connected transactions.

1. Proposed Bulk Commodities Sale and Purchase Agreement

On 9 December 2020, the Company entered into the Existing Bulk Commodities Sale and Purchase Agreement with Shandong Energy for a term of three years commencing from 1 January 2021 and expiring on 31 December 2023. For details of the Existing Bulk Commodities Sale and Purchase Agreement, please refer to the announcement of the Company dated 9 December 2020 and the circular of the Company dated 13 January 2021.

Proposed Bulk Commodities Sale and Purchase Agreement

On 25 August 2023, the Company entered into the Proposed Bulk Commodities Sale and Purchase Agreement with Shandong Energy to renew the Existing Bulk Commodities Sale and Purchase Agreement on substantially the same terms.

Date

25 August 2023

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Two years commencing from 1 January 2024 and expiring on 31 December 2025.

Major terms

Under the Proposed Bulk Commodities Sale and Purchase Agreement, the Company and Shandong Energy may, from time to time, sell or purchase coal, iron ores, rubber and other bulk commodities from each other.

On or before 30 November each year, the requesting party may provide to the supplying party an annual assessment of the supplies that it requires from the other in the coming year and the parties shall agree on the annual plan for the coming year before 31 December each year. The parties may enter into specific contracts in accordance with the terms of the Proposed Bulk Commodities Sale and Purchase Agreement.

Payment

- (1) The payment of consideration of the Proposed Bulk Commodities Sale and Purchase Agreement can be settled on a one-off basis or by installment in accordance with paragraph (2) below.
- (2) Each party shall record all items payable to or from the other party in a calendar month in relation to the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement in its accounts on or before the last Business Day of that calendar month. Save for the payments made for non-completed transactions or disputed payments, all payments incurred in a calendar month shall be settled in full by the responsible party within the next calendar month.

Pricing

The prices of coal, iron ores, rubber and other bulk commodities shall be determined according to the market price.

The market price shall be determined according to normal commercial terms based on the following:

- (1) the price offered by Independent Third Parties for provision of the same or similar type of bulk commodities in the same or similar area or in the vicinity under normal commercial terms in the ordinary course of business of such Independent Third Parties;
- (2) or if the foregoing is not applicable, the price offered by Independent Third Parties in the PRC for provision of the same or similar type of bulk commodities under normal commercial terms in the ordinary course of business of such Independent Third Parties; and
- (3) If any national pricing policy becomes effective and applicable to any bulk commodities under the purchase and sale agreement at any time, the parties agree that the agreed purchase and sale price of such bulk commodities is subject to such national pricing policy.

To determine the market price, the sales department or purchase department of the Company and its designated personnel are mainly responsible for checking the prices offered by other Independent Third Parties generally through obtaining quotations from at least two Independent Third Parties via emails, fax or phone or tenders by publishing tender notice through various media resources, such as local newspapers. The sales department or purchase department of the Company will update the relevant information from time to time based on the procurement demand and continue to monitor the market price to ensure that each transaction is conducted in accordance with the pricing policy set out above.

Shandong Energy has undertaken that the price of such bulk commodities would not be higher than the price offered by Shandong Energy to any Independent Third Parties for the same type of bulk commodities under any circumstances.

In the event that the terms or conditions in respect of the supply or purchase of similar bulk commodities by any third party are better than those offered by Shandong Energy, or if the provision of such bulk commodities by Shandong Energy cannot meet the demand of the Company (including quantity and quality), the Company would be entitled to purchase any such bulk commodities from third parties.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Proposed Bulk Commodities Sale and Purchase Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Bulk Commodities Sale and Purchase Agreement for the two financial years ended 31 December 2022 and the six months ended 30 June 2023:

Category	For the year ended		For the year ended		For the year	From
	31 December 2021		31 December 2022		ending	1 January
	Annual	Actual	Annual	Actual	31 December	to 30 June
	cap	amount	cap	amount	2023	2023
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Sales of bulk commodities from the Company to Shandong Energy	2,970,000	2,303,620	3,270,000	2,300,588	3,270,000 ⁽²⁾	1,297,300
Sales of bulk commodities from Shandong Energy to the Company	500,000	296,280	2,000,000 (Revised) ⁽¹⁾	321,071	2,000,000 (Revised) ⁽¹⁾	373,917
Total	3,470,000	2,599,900	5,270,000	2,621,659	5,270,000	1,671,217

Note (1): For details of the annual caps for the two years ending 31 December 2023 for the continuing connected transactions in respect of the sales of bulk commodities from Shandong Energy to the Company under the Existing Bulk Commodities Sale and Purchase Agreement, please refer to the announcement of the Company dated 29 April 2022 and the circular of the Company dated 10 June 2022.

Note (2): As disclosed above, the Company expects that the existing cap for the year 2023 will not be sufficient to meet the business needs of the Company, therefore the Board has resolved to revise the existing annual cap for the year 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement to increase to RMB6,000 million. The revision is subject to obtaining, among others, Independent Shareholders' approval at EGM.

Set out below are the proposed annual caps for each transaction category under the Proposed Bulk Commodities Sale and Purchase Agreement for each of the two financial years ending 31 December 2025:

Category	Annual cap for the year ending 31 December 2024 (RMB'000)	Annual cap for the year ending 31 December 2025 (RMB'000)
Sales of bulk commodities from the Company to Shandong Energy	8,000,000	8,000,000
Sales of bulk commodities from Shandong Energy to the Company	<u>2,800,000</u>	<u>2,800,000</u>
Total	<u>10,800,000</u>	<u>10,800,000</u>

In terms of the sales of bulk commodities from the Company to Shandong Energy, taking into account of (i) the average price of the relevant bulk commodities in 2023, (ii) the sales plan of the Group for selling coal, iron ores, rubber and other kinds of bulk commodities to Shandong Energy in 2023, and (iii) the increase in procurement demand of Shandong Energy and the intended business development plans of the Group in years 2024 to 2025, it is expected that that the annual fees payable by Shandong Energy to the Company under the Proposed Bulk Commodities Sale and Purchase Agreement shall not exceed RMB8,000 million and RMB8,000 million for the two financial years ending 31 December 2024 and 2025, respectively.

In terms of the purchase of bulk commodities by the Company from Shandong Energy, taking into account of (i) the average price of the relevant bulk commodities in 2023, (ii) the innovation of trade and logistics, the business development and the procurement plans of the Group for purchasing coal, iron ores, rubber and other kinds of bulk commodities from Shandong Energy, it is expected that the annual fees payable by the Company to Shandong Energy under the Proposed Bulk Commodities Sale and Purchase Agreement shall not exceed RMB2,800 million and RMB2,800 million for the two financial years ending 31 December 2024 and 2025, respectively.

The Company refers to the average price of the relevant commodities in 2023 with reference to the quotations set out in several domestic information websites of bulk commodities, including but not limited to Zhuochuang Information (卓創資訊, <http://www.sci99.com/>) and Wind Information (Wind 資訊, <http://www.wind.com.cn/>), when estimating the annual caps for the purchase or sales of the bulk commodities, as this average price is the most recent average price which is available to the Company to provide an indication of the price trend for the next two years. Despite the fluctuation of the average price from time to time, the Company believes that the average price of the relevant bulk commodities for each of the financial year ending 31 December 2024 and 2025 would not significantly deviate from the average price in 2023. The average price of the relevant bulk commodities under the Proposed Bulk Commodities Sale and Purchase Agreement in the 2023 is (i) RMB690 per tonne for coal; (ii) RMB13,505 per tonne for the rubber; and (iii) RMB141,000 per tonne for the non-ferrous metals.

Reasons for and benefits of entering into the Proposed Bulk Commodities Sale and Purchase Agreement

As disclosed above, the entering into of the Proposed Bulk Commodities Sale and Purchase Agreement will help to alleviate the impact of cycle fluctuations on the business performance of the Company, enlarge the overall operating scale and improve the profitability of the Company. Furthermore, the Proposed Bulk Commodities Sale and Purchase Agreement will enable the Company and Shandong Energy to share the suppliers and customers in their respective resourcing and distribution channels which cover different areas, and thus bringing the advantages of both the Company and Shandong Energy in their resourcing and distribution channels into full play, thereby creating a synergistic effect that could expand the trading size, improve the sales volume and improve the revenue of both parties.

In addition, as the Company has a better understanding in the operation and reputation of Shandong Energy, the Company believes that the risk of trading with Shandong Energy is lower than trading with third parties. By purchasing bulk commodities from Shandong Energy, the Company could secure a long-term and stable source of supply. By selling bulk commodities to Shandong Energy, the Company could ensure the safety of the transactions, including payment recoveries. Collectively, this could reduce the operational risks of the entire trading business of the Company.

Under the Proposed Bulk Commodities Sale and Purchase Agreement, the coal, iron ores, rubber and other types of bulk commodities purchased by the Company from Shandong Energy are of different sources, batches, types or models from the coal, iron ores, rubber and other types of bulk commodities sold by the Company to Shandong Energy. No cross selling will be made under the Proposed Bulk Commodities Sale and Purchase Agreement.

Implications under the Listing Rules

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Bulk Commodities Sale and Purchase Agreement exceeds 5% on an annual basis, the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (excluding the independent non-executive Directors, whose opinion on the matter will be given in the circular after taking into account the advice of the Independent Financial Adviser in this regard) consider that the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

2. Proposed Finance Lease Agreement

On 9 December 2020, the Company entered into the Existing Finance Lease Agreement with Shandong Energy, pursuant to which the Company has agreed to provide Finance Leasing Service to Shandong Energy Members during the period from 1 January 2021 to 31 December 2023. For details of the Existing Finance Lease Agreement, please refer to the announcement of the Company dated 9 December 2020 and the circular of the Company dated 13 January 2021.

Proposed Finance Lease Agreement

On 25 August 2023, the Company entered into the Proposed Finance Lease Agreement with Shandong Energy to renew the Existing Finance Lease Agreement on substantially the same terms.

Date

25 August 2023

Parties

- (1) the Company (as lessor); and
- (2) Shandong Energy (as lessee)

Term

Two years commencing from 1 January 2024 and expiring on 31 December 2025.

Main Arrangements of the Finance Leasing Service

Pursuant to the Proposed Finance Lease Agreement, the Company has agreed to provide Finance Leasing Service to Shandong Energy Members by way of direct finance leasing service and sale-leaseback service.

Under the direct finance leasing service, the Company (as lessor) will purchase the Leased Assets based on the demands and requirements of Shandong Energy Members (as lessee) from Independent Third-party suppliers, and will then lease the Leased Assets to Shandong Energy Members for their use in return for periodic lease payments. The ownership of the Leased Assets will be solely vested in the Company during the lease period. Shandong Energy Members could choose to purchase the Leased Assets after expiry of the lease or upon the consent of the Company prior to the expiry of the lease, subject to compliance with the then relevant requirements under the Listing Rules.

Under the sale-leaseback service, Shandong Energy Members (as lessee) will sell the Leased Assets to the Company (as lessor) at a negotiated purchase price with reference to the book value, the appraisal value, and/or the original acquisition costs of the Leased Assets, and the Company and/or its subsidiary will then lease the Leased Assets back to Shandong Energy Members for their use in return for periodic lease payments. The ownership of the Leased Assets will be solely vested in the Company during the lease period. Shandong Energy Members could choose to purchase the Leased Assets after expiry of the lease or upon the consent of the Company prior to the expiry of the lease, subject to compliance with the then relevant requirements under the Listing Rules.

The Company intends to pay the purchase price for the Leased Assets by way of its internal funds and financing funds.

The principal amount of each Finance Leasing Service will be equal to the respective purchase price of the Leased Assets. The principal and interest with respect to the provision of Finance Leasing Service will be paid by Shandong Energy Members according to the equal-principal or average-capital-plus-interests standard on a quarterly basis.

The Company will also charge commission fees or consulting fees with respect to the provision of Finance Leasing Service. Such commission fees or consulting fees will be paid by Shandong Energy or its Members to the Company upon or prior to the Company's payment of the purchase price of the Leased Assets.

Separate Individual Agreement(s)

With respect to the provision of each Finance Leasing Service, the Company and Shandong Energy Members will enter into separate Individual Agreement(s) pursuant to the Proposed Finance Lease Agreement and the transactions contemplated thereunder shall be conducted on normal commercial terms or better and no less favourable to the Company than the same offered by Shandong Energy Members to Independent Third Parties for receiving comparable finance leasing service. The term of the Individual Agreement(s) may exceed the term of the Proposed Finance Lease Agreement subject to the domestic and overseas approval procedures for connected transactions.

Interests and fees

The interest rate and relevant fees to be agreed for the Finance Leasing Service shall be fair and reasonable and on normal commercial terms or better. In particular, when determining the effective interest rate, the Company shall make reference to the following non-exhaustive factors:

- (1) not lower than 5% above the lending rates published by the National Interbank Funding Center at the same period, and the highest interest rate will not exceed 7.5%;
- (2) the financing costs of the Company;

- (3) the quotations for similar finance leasing services offered by the Company to Independent Third Parties;
- (4) the risk premium of Shandong Energy Members; and
- (5) all other relevant fees, including the annual commission fees and consulting fees not higher than 1% of the principal of the relevant finance lease agreement.

The Company will consider the above factors and ensure that the overall terms and conditions for providing the Finance Leasing Service, including the effective interest rates and fees as well as payment conditions and other material terms, are no less favourable to the Company than the same offered by Shandong Energy Members to Independent Third Parties for receiving comparable finance leasing service.

Leased Assets

The Leased Assets include, among others, mechanical equipment, facilities and other movable and immovable properties.

The historical amount, proposed annual caps and reasons

Set out below are the historical annual amounts of the Existing Finance Lease Agreement for the two financial years ended 31 December 2022 and the six months ended 30 June 2023:

Category	For the year ended		For the year ended		For the year	From
	31 December 2021		31 December 2022		ending	1 January
	Annual cap	Actual amount	Annual cap	Actual amount	31 December 2023	2023 to 30 June 2023
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Maximum transaction amount ¹	6,510,000	0	7,595,000	0	8,680,000	271
Maximum interest and fees payment ²	510,000	0	595,000	0	680,000	15
Total	7,020,000	0	8,190,000	0	9,360,000	286

Note 1 i.e., the aggregate outstanding daily balance of the principal amount together with the interests, commission fees and the consulting fees

Note 2 i.e., the aggregate balance of the interests, commission fees and the consulting fees

Set out below are the proposed annual caps under the Proposed Finance Lease Agreement for each of the two financial years ending 31 December 2025.

Category	Annual cap for the year ending 31 December 2024 (RMB'000)	Annual cap for the year ending 31 December 2025 (RMB'000)
Maximum transaction amount ³	1,000,000	2,000,000
Maximum interest and fees payment ⁴	85,000	170,000
Total	1,085,000	2,170,000

Note 3 i.e., the proposed annual cap for the aggregate outstanding daily balance of the principal amount together with the interests, commission fees and the consulting fees

Note 4 i.e., the proposed annual cap for the aggregate balance of the interests, commission fees and the consulting fees

The proposed annual caps were calculated by reference to (i) needs for new equipment and the construction plans for new projects of Shandong Energy Members; (ii) the financing amount required for possible projects with potential cooperation with the Group; (iii) the estimated the loan prime rate for RMB loans and service fee rates from 2023 to 2025. It is expected that the annual transaction caps for 2024 and 2025 will not exceed RMB1,085 million and RMB2,170 million, respectively.

Reasons for and benefits of entering into the Proposed Finance Lease Agreement

By the provision of the Finance Leasing Service to Shandong Energy Members, the subsidiaries of the Company engaged in financial leasing business engaged in the centralized procurement of equipment and financing to improve the Group's bargaining advantage over equipment procurement and credit financing and to improve the profitability and competitiveness of the Group. Meanwhile, the provision of asset leasing services to Shandong Energy on normal commercial terms will enable the Group to effectively control the risks of its financial leasing business, and the interest payment generated from the Finance Leasing Service (after deducting the financing costs) will enable the Group to obtain a stable cash flow.

Implications under the Listing Rules

As the highest of the relevant percentage ratios in respect of the transactions under the Proposed Finance Lease Agreement exceeds 0.1% but is less than 5% on an annual basis, the Proposed Finance Lease Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are subject to reporting and announcement requirements but are exempt from Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Finance Lease Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

3. Proposed Entrusted Management Service Framework Agreement

On 27 January 2022, the Company entered into the Existing Entrusted Management Service Framework Agreement with Shandong Energy for a term of three years commencing from 1 January 2022 and expiring on 31 December 2024. As the highest of the relevant percentage ratios in respect of the annual caps for the three years ending 31 December 2024 under the Existing Entrusted Management Service Framework Agreement is less than 0.1% on an annual basis both at the time of entering into of the Existing Entrusted Management Service Framework Agreement and as at the date of this announcement, the Existing Entrusted Management Service Framework Agreement, the transactions conducted and contemplated thereunder and the annual caps thereunder are exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Considering that the Company intends to align the expiry date of all continuing connected transactions to end on 31 December 2025 to facilitate the unified management of continuing connected transaction between the Company and its connected persons, the Company entered into the Proposed Entrusted Management Service Framework Agreement with Shandong Energy on substantially the same terms on 25 August 2023, for a term of one year expiring on 31 December 2025.

Set out below are the major terms of the Existing Entrusted Management Service Framework Agreement:

Existing Entrusted Management Service Framework Agreement

Date

27 January 2022

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

Three years commencing from 1 January 2022 and expiring on 31 December 2024.

Major terms

Pursuant to the Existing Entrusted Management Service Framework Agreement, the Company will provide management services to Shandong Energy in relation to the Target Assets (including assets or equity interests) entrusted by it from time to time. The service scope includes but is not limited to, strategic management, industrial development, major safety technology management, management of related production and operation, and product sales, as well as undertaking the regulatory responsibility for major safety and environmental protection issues of Target Assets as required by laws.

The parties shall determine the specific scope of Target Assets for entrusted management, the authorization relating to the management of specific assets and entrusted management fees through separate negotiation, which shall be clarified in entrusted management implementation agreements and may be adjusted under the framework of the Existing Entrusted Management Service Framework Agreement through negotiation.

During the period of entrusted management, the ownership of Target Assets remains unchanged, the ownership of and revenue from Target Assets shall be vested to Shandong Energy, and Shandong Energy is entitled to participate in the decision-making on the overall design, planning and coordinated development of Target Assets.

During the period of entrusted management, the Target Assets will not be consolidated into the financial statements of the Company. The Company will be entitled to the entrusted management fee in relation to the management services provided during the period of entrusted management.

Pricing

During the term of the Existing Entrusted Management Service Framework Agreement, the accumulated entrusted management fee to be received by the Company from Shandong Energy in relation to the Target Assets shall not exceed RMB60 million.

The specific entrusted management fee for Target Assets will be determined according to the status of Target Assets, the Company's expenses arising from entrusted management and the profitability of Target Assets.

If any national pricing policy becomes effective and applicable to any agreed entrusted management issues, the specific entrusted management fee for Target Assets is subject to such national pricing. "National pricing" means the price of entrusted management provided by the laws, regulations, decisions, orders or pricing policies issued by competent governmental authorities of the PRC (as the case may be).

Payment

The entrusted management fee shall be paid on an annual basis, and the details shall be determined by the parties according to the conditions of Target Assets through separate negotiation.

Set out below are the major terms of the Proposed Entrusted Management Service Framework Agreement:

Proposed Entrusted Management Service Framework Agreement

On 25 August 2023, the Company entered into the Proposed Entrusted Management Service Framework Agreement with Shandong Energy.

Date

25 August 2023

Parties

- (1) the Company; and
- (2) Shandong Energy

Term

One year commencing from 1 January 2025 and expiring on 31 December 2025.

Major terms

Pursuant to the Proposed Entrusted Management Service Framework Agreement, the Company will provide management services to Shandong Energy in relation to the Target Assets. The service scope includes but is not limited to, strategic management, industrial development, major safety technology management, management of related production and operation, and product sales, as well as undertaking the regulatory responsibility for major safety and environmental protection issues of Target Assets as required by laws.

The parties will determine the specific scope of Target Assets for entrusted management, the authorization relating to the management of specific assets and entrusted management fees through separate negotiation, which shall be clarified in an entrusted management implementation agreement and may be adjusted under the framework of the Proposed Entrusted Management Service Framework Agreement through negotiation.

During the period of entrusted management, the ownership of Target Assets remains unchanged, the ownership of and revenue from Target Assets shall be vested to Shandong Energy, and Shandong Energy is entitled to participate in the decision-making on the overall design, planning and coordinated development of Target Assets.

During the period of entrusted management, the Target Assets will not be consolidated into the financial statements of the Company. The Company will be entitled to the entrusted management fee in relation to the management services provided during the period of entrusted management.

Pricing

During the term of the Proposed Entrusted Management Service Framework Agreement, the accumulated entrusted management fee received by the Company from Shandong Energy in relation to the Target Assets shall not exceed RMB60 million.

The specific entrusted management fee for Target Assets will be determined according to the status of Target Assets, the Company's expenses arising from entrusted management and the profitability of Target Assets.

If any national pricing policy becomes effective and applicable to any agreed entrusted management issues, the specific entrusted management fee for Target Assets is subject to such national pricing. "National pricing" means the price of entrusted management provided by the laws, regulations, decisions, orders or pricing policies issued by competent governmental authorities of the PRC (as the case may be).

Payment

The entrusted management fee shall be paid on an annual basis, and the details shall be determined by the parties according to the conditions of Target Assets through separate negotiation.

The historical amount, proposed annual caps and reasons

The historical annual amounts of the entrusted management fees under the Existing Entrusted Management Service Framework Agreement for the financial year ended 31 December 2022 and the six months ended 30 June 2023 are RMB4.303 million and RMB2.151 million, respectively. The annual caps for the three financial years ending 31 December 2024 under the Existing Entrusted Management Service Framework Agreement are RMB60 million. The Company expects that the transaction amount of the continuing connected transactions in 2023 and 2024 under the Existing Entrusted Management Service Framework Agreement will not exceed the approved existing annual cap for each year.

Considering that the custodianship of the targets under the existing entrusted management will continue in the future, and with reference to the asset size and business model of potential Target Assets for potential business integration in the future, the proposed annual cap of the entrusted management fees for the financial year ending 31 December 2025 is RMB60 million.

Reasons for and benefits of entering into the Proposed Entrusted Management Service Framework Agreement

By conducting the transactions under the Proposed Entrusted Management Service Framework Agreement, the Company can bring its advantages in resources and professional management in relevant industries into full play, avoid competition with Target Assets in relevant industries, promote the resource sharing and synergy between the Company and Shandong Energy, tap into the scale advantages, enhance the market competitiveness of the Group in relevant industries, and further improve the economic benefits of the Company.

Implications under the Listing Rules

As the highest of the relevant percentage ratios in respect of the transactions under the Existing Entrusted Management Service Framework Agreement or the Proposed Entrusted Management Service Framework Agreement is less than 0.1%, the Existing Entrusted Management Service Framework Agreement or the Proposed Entrusted Management Service Framework Agreement and the transactions contemplated thereunder are exempt from reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

According to the applicable PRC regulations, the Company will submit the resolution relating to, among others, the Proposed Entrusted Management Service Framework Agreement and the transactions contemplated thereunder for the Independent Shareholders' approval at the EGM.

The Directors (including the independent non-executive Directors) consider that the Proposed Entrusted Management Service Framework Agreement, the transactions contemplated thereunder and the proposed annual cap thereunder are (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

III. GENERAL INFORMATION

On 25 August 2023, the second meeting of the ninth session of the Board considered and approved (i) the revision of annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement and the revised annual cap thereunder; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement, the transactions and the respective proposed annual caps contemplated thereunder.

As Mr. Li Wei, Mr. Liu Jian, Mr. Liu Qiang and Mr. Zhang Haijun, all being the directors of the Company, are regarded as having material interests in the transactions contemplated under the transactions, they have abstained from voting on the relevant resolutions of the Board for approving (i) the revision of annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement, the transactions and the respective proposed annual caps thereunder. Save as disclosed above, none of the other Directors has a material interest in such transactions.

IV. EXTRAORDINARY GENERAL MEETING

The Board has formed the Independent Board Committee to advise the Independent Shareholders in respect of (i) the revision of annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions and the proposed annual caps thereunder for the two years ending 31 December 2024 and 2025.

The Board has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the revision of annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions and the proposed annual caps thereunder for the two years ending 31 December 2024 and 2025.

According to the applicable PRC regulations, the Company will submit the resolutions relating to the revision of annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement, and the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement, the transactions and the respective proposed annual caps thereunder, for the Independent Shareholders' approval at the EGM. The resolution regarding each of the revision of annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase, and the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement and the respective proposed annual caps thereunder are not mutually conditional.

As at the date of this announcement, Shandong Energy is a controlling Shareholder holding directly and indirectly approximately 54.67% of the issued share capital of the Company. Shandong Energy and its associates will abstain from voting at the EGM on the ordinary resolutions approving (i) the revision of annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement, the transactions and the respective proposed annual caps thereunder, which will be taken by poll as required under the Listing Rules. As at the date of this announcement, so far as the Directors are aware, other than the aforesaid, there is no other associate of Shandong Energy that held shares of the Company and therefore is required to abstain from voting on the aforesaid ordinary resolutions at the EGM.

A circular containing, among other things, (i) the revision of annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy contemplated under the Existing Bulk Commodities Sale and Purchase Agreement; (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement, the transactions and the respective proposed annual caps thereunder; (iii) a letter from the Independent Board Committee; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (v) other relevant matters as required by the Listing Rules, is expected to be despatched to the Shareholders on or before 9 October 2023, as additional time is required to prepare certain information to be contained in the circular by the Company.

V. INFORMATION OF THE PARTIES

The Company

The Company is principally engaged in the business of mining, high-end chemical new materials, new energy, and high-end equipment manufacturing and smart logistics. 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 rest 10% equity interest of which is indirectly held by the Department of Finance of Shandong Province. As at the date of this announcement, its registered capital is RMB30.2 billion and its legal representative is Li Wei. The principal business of Shandong Energy includes coal, thermal power generation, coal chemicals, high-end equipment manufacturing, new energy and materials, and modern trade and logistics. As at the date of this announcement, Shandong Energy is the controlling Shareholder, holding directly and indirectly approximately 54.67% of the issued share capital of the Company, and is hence a connected person of the Company.

I. DEFINITIONS

“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 meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day”	a day which is not a Saturday, Sunday or a public holiday in the PRC or Hong Kong (as the case may be)
“Company”	Yankuang Energy Group Company Limited (兗礦能源集團股份有限公司), a joint stock limited company incorporated under the laws of PRC in 1997, and the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held in due course or any adjournment thereof for the purpose of considering and, if appropriate, approving, among others, (i) the revised annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) each of the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Finance Lease Agreement and the Proposed Entrusted Management Service Framework Agreement, the transactions and the respective proposed annual caps thereunder
“Existing Bulk Commodities Sale and Purchase Agreement”	the bulk commodities sale and purchase agreement entered into between the Company and Shandong Energy on 9 December 2020
“Existing Entrusted Management Service Framework Agreement”	the entrusted management service framework agreement entered into between the Company and Shandong Energy on 27 January 2022
“Existing Finance Lease Agreement”	the finance lease agreement entered into between the Company and Shandong Energy on 9 December 2020
“Finance Leasing Service”	services including but not limited to the sale-leaseback service and direct finance leasing service to be provided by the Company to Shandong Energy Members in relation to the Leased Assets in accordance with the Proposed Finance Lease Agreement
“Group”	the Company and its subsidiaries
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a committee of the Board comprising all independent non-executive Directors established for the purpose of considering (i) the revised annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions and the proposed annual caps thereunder for the two years ending 31 December 2024 and 2025

“Independent Financial Adviser”	independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the revised annual cap for 2023 in respect of the sales of bulk commodities from the Company to Shandong Energy under the Existing Bulk Commodities Sale and Purchase Agreement; and (ii) the Proposed Bulk Commodities Sale and Purchase Agreement, the transactions and the proposed annual caps thereunder for the two years ending 31 December 2024 and 2025
“Independent Shareholders”	Shareholders other than Shandong Energy and its associates and who are not involved in, or interested in the Existing Bulk Commodities Sale and Purchase Agreement, the Existing Entrusted Management Services Framework Agreement and the Proposed Continuing Connected Transaction Agreements
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Separate Individual Agreement(s)”	the separate individual agreement(s) for each Finance Leasing Service to be entered into between the Company and relevant Shandong Energy Members pursuant to the Proposed Finance Lease Agreement
“Leased Asset(s)”	the assets to be leased by the Company pursuant to the Individual Agreement(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“percentage ratio(s)”	has the meaning ascribed thereto under the Listing Rules
“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
“Proposed Bulk Commodities Sale and Purchase Agreement”	the bulk commodities sale and purchase agreement entered into between the Company and Shandong Energy on 25 August 2023
“Proposed Continuing Connected Transaction Agreements”	collectively, the Proposed Bulk Commodities Sale and Purchase Agreement, the Proposed Entrusted Management Service Framework Agreement and the Proposed Finance Lease Agreement

“Proposed Entrusted Management Service Framework Agreement”	the entrusted management service framework agreement entered into between the Company and Shandong Energy on 25 August 2023
“Proposed Finance Lease Agreement”	the finance lease agreement entered into between the Company and Shandong Energy on 25 August 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shandong Energy”	Shandong Energy Group Company Limited (山東能源集團有限公司) (former “Yankuang Group Company Limited” (兗礦集團有限公司), renamed as “Shandong Energy Group Company Limited” in April 2021), a state-controlled limited liability company and the controlling Shareholder of the Company holding directly and indirectly approximately 54.67% of the total issued share capital of the Company as at the date of this announcement
“Shandong Energy Members”	Shandong Energy and its subsidiaries (excluding the Group), including their associates from time to time
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Target Assets”	the assets or equity interests entered by Shandong Energy from time to time to the Company pursuant to the Existing Entrusted Management Service Framework Agreement or the Proposed Entrusted Management Service Framework Agreement
“%”	per cent

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

Zoucheng, Shandong Province, the PRC
25 August 2023

As at the date of this announcement, the Directors of the Company are Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun, Mr. Su Li and Mr. Huang Xiaolong, and the independent non-executive Directors of the Company are Mr. Peng Suping, Mr. Zhu Limin, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui.

* For identification purpose only