

*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)**

**(1) POTENTIAL ABSORPTION AND MERGER OF YANKUANG FINANCE COMPANY  
BY SHANDONG ENERGY FINANCE COMPANY;**

**(2) MAJOR AND CONTINUING CONNECTED TRANSACTION – PROVISION OF  
FINANCIAL SERVICES TO SHANDONG ENERGY;**

**AND**

**(3) DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION –  
PROVISION OF FINANCIAL SERVICES TO THE COMPANY**

This announcement is made pursuant to the disclosure obligations under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Listing Rules and the disclosure obligations under Chapters 14 and 14A of the Listing Rules.

**POTENTIAL ABSORPTION AND MERGER PROPOSAL**

The Board hereby announces that, on 26 August 2022, the twenty-fourth meeting of the eighth session of the Board has approved the proposal of Shandong Energy Finance Company to absorb and merge with Yankuang Finance Company (a subsidiary of the Company) in the way stipulated under the Company Law of the PRC (the “**Potential Absorption and Merger**”). The merged enterprise, being Shandong Energy Finance Company after the absorption of Yankuang Finance Company upon completion of the Potential Absorption and Merger, will be the surviving company, and will 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. Upon completion of the Potential Absorption and Merger, Shandong Energy Finance Company 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. As at the date of this announcement, each of Shandong Energy Finance Company and Yankuang Finance Company has not entered into any agreement in respect of the Potential Absorption and Merger, the details of which remain to be finalised.

The Potential Absorption and Merger, if materializes, may constitute a discloseable and connected transaction which is subject to the reporting, announcement, and Independent Shareholders' approval requirements under the Listing Rules.

**The Board wishes to emphasize that, as at the date of this announcement, each of Shandong Energy Finance Company and Yankuang Finance Company has not entered into any agreement in respect of the Potential Absorption and Merger as the terms are not yet finalised and the Potential Absorption and Merger may or may not proceed. Further announcement(s) in respect of the Potential Absorption and Merger will be made by the Company in accordance with the applicable requirements of Listing Rules as and when appropriate.**

**As the Potential Absorption and Merger may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when trading in the Shares.**

## **PROVISION OF FINANCIAL SERVICES TO SHANDONG ENERGY**

Reference is made to the announcement (“**Financial Services Announcement**”) of the Company dated 29 April 2022 and the circular of the Company dated 10 June 2022 in relation to the 2023 Financial Services Agreement entered into between Yankuang Finance Company, a subsidiary of the Company, and Shandong Energy. Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Financial Services Announcement.

As stated in the Financial Services Announcement, as the 2020 Financial Services Agreement will expire on 31 December 2022 and the parties thereto expect that the continuing connected transactions contemplated thereunder will continue on an ongoing basis, Yankuang Finance Company entered into the 2023 Financial Services Agreement with Shandong Energy to provide deposit services, comprehensive credit facility services and miscellaneous financial services to Shandong Energy Members. The 2023 Financial Services Agreement, the transactions contemplated thereunder and the relevant annual caps were approved in the annual general meeting of the Company held on 30 June 2022. For details of such annual general meeting, please refer to the announcement of the Company dated 30 June 2022.

In light of the Potential Absorption and Merger, on 26 August 2022, Shandong Energy Finance Company, has entered into the First Financial Services Agreement with Shandong Energy and in replace of Yankuang Finance Company to provide deposit services, comprehensive credit facility services and miscellaneous financial services to Shandong Energy Members.

Upon completion of the Potential Absorption and Merger, Shandong Energy Finance Company 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. As such, Shandong Energy Finance Company will become a subsidiary of the Company under the Listing Rules. Since Shandong Energy is a controlling Shareholder of the Company holding directly and indirectly approximately 54.92% of the issued share capital of the Company as at the date of this announcement, upon completion of the Potential Absorption and Merger, if materializes, the First Financial Services Agreement may constitute a major and continuing connected transaction of the Company which is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements the Listing Rules.

**(i) Deposit services**

As the deposit services to be provided by Shandong Energy Finance Company to Shandong Energy Members under the First Financial Services Agreement are on normal commercial terms, and no security over the assets of the Group is or will be granted in respect of such services, the deposit services to be provided by Shandong Energy Finance Company to Shandong Energy Members are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

**(ii) Comprehensive credit facility services**

As the highest applicable percentage ratio with respect to the proposed annual caps in relation to the provision of comprehensive credit facility services under the First Financial Services Agreement is more than 25% but less than 100%, such transactions, together with the proposed annual caps are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Such transactions also constitute a major transaction of the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

**(iii) Miscellaneous financial services**

As all of the relevant applicable percentage ratios with respect to the proposed annual caps in relation to the provision of miscellaneous financial services under the First Financial Services Agreement are less than 0.1%, such transactions are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

**PROVISION OF FINANCIAL SERVICES TO THE COMPANY**

The Board is pleased to announce that apart from the First Financial Services Agreement, on 26 August 2022, Shandong Energy Finance Company also entered into the Second Financial Services Agreement with the Company to provide deposit services, comprehensive credit facility services and miscellaneous financial services to the Group.

## **Implications under the Listing Rules**

As at the date of this announcement, Shandong Energy Finance Company is a subsidiary of Shandong Energy, who is a controlling Shareholder holding directly and indirectly approximately 54.92% of the issued share capital of the Company, and thus Shandong Energy Finance Company constitutes a connected person of the Company. Accordingly, the transactions contemplated under the Second Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Upon completion of the Potential Absorption and Merger, Shandong Energy Finance Company 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. As such, Shandong Energy Finance Company will become a connected subsidiary of the Company under the Listing Rules and the transactions contemplated under the Second Financial Services Agreement will continue to be continuing connected transactions of the Company under Chapter 14A of the Agreement.

### ***(i) Deposit services***

As the highest applicable percentage ratio with respect to the proposed annual caps in relation to the provision of deposit services under the Second Financial Services Agreement is more than 5% but less than 25%, such transactions, together with the proposed annual caps are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Such transactions also constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### ***(ii) Comprehensive credit facility services***

As the provision of comprehensive credit facility services under the Second Financial Services Agreement is on normal commercial terms, and no security over the assets of the Group is or will be granted in respect of such services, the comprehensive credit facility services to be provided by Shandong Energy Finance Company to the Group are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

### ***(iii) Miscellaneous financial services***

As all of the relevant applicable percentage ratios with respect to the proposed annual caps in relation to the provision of miscellaneous financial services under the Second Financial Services Agreement are less than 0.1%, such transactions are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

## GENERAL

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the First Financial Services Agreement, the Second Financial Services Agreement, the transactions contemplated thereunder and the respective proposed annual caps, 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 relation to (i) the transactions under the comprehensive credit facility services under the First Financial Services Agreement and the proposed annual caps for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025; and (ii) the transactions under the deposit services under the Second Financial Services Agreement and the proposed annual caps for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025.

The EGM will be convened and held for the Independent Shareholders to consider, if thought fit, to approve, among others, the First Financial Services Agreement, the Second Financial Services Agreement, the transactions contemplated thereunder and the respective proposed annual caps. As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company holding, directly and indirectly, 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 First Financial Services Agreement, the Second Financial Services Agreement, the transactions contemplated thereunder and the respective proposed annual caps. 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 First Financial Services Agreement, the Second Financial Services 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 First Financial Services Agreement and the Second Financial Services Agreement are subject to the satisfaction of the respective conditions precedent set out therein, the First Financial Services Agreement and the Second Financial Services Agreement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

This announcement is made pursuant to the disclosure obligations under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09 and 13.10B of the Listing Rules and the disclosure obligations under Chapters 14 and 14A of the Listing Rules.

## **(1) POTENTIAL ABSORPTION AND MERGER OF YANKUANG FINANCE COMPANY BY SHANDONG ENERGY FINANCE COMPANY**

### **Potential Absorption and Merger Proposal**

The Board hereby announces that, on 26 August 2022, the twenty-fourth meeting of the eighth session of the Board has approved the proposal of Shandong Energy Finance Company to absorb and merge with Yankuang Finance Company (a subsidiary of the Company) in the way stipulated under the Company Law of the PRC. The merged enterprise, being Shandong Energy Finance Company after the absorption of Yankuang Finance Company upon completion of the Potential Absorption and Merger, will be the surviving company, and will 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. Upon completion of the Potential Absorption and Merger, Shandong Energy Finance Company 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. As at the date of this announcement, each of Shandong Energy Finance Company and Yankuang Finance Company has not entered into any agreement in respect of the Potential Absorption and Merger, the details of which remain to be finalised.

### **Information of Shandong Energy Finance Company**

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. 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.



## **Information of Yankuang Finance Company**

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

The Potential Absorption and Merger, if materializes, may constitute a discloseable and connected transaction which is subject to the reporting, announcement, and Independent Shareholders' approval requirements under the Listing Rules.

**The Board wishes to emphasize that, as at the date of this announcement, each of Shandong Energy Finance Company and Yankuang Finance Company has not entered into any agreement in respect of the Potential Absorption and Merger as the terms are not yet finalised and the Potential Absorption and Merger may or may not proceed. Further announcement(s) in respect of the Potential Absorption and Merger will be made by the Company in accordance with the applicable requirements of Listing Rules as and when appropriate.**

**As the Potential Absorption and Merger may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when trading in the Shares.**

## **(2) PROVISION OF FINANCIAL SERVICES TO SHANDONG ENERGY**

Reference is made to the announcement (“**Financial Services Announcement**”) of the Company dated 29 April 2022 and the circular of the Company dated 10 June 2022 in relation to the 2023 Financial Services Agreement entered into between Yankuang Finance Company, a subsidiary of the Company, and Shandong Energy. Unless stated otherwise, capitalised terms used herein shall have the same meanings as those defined in the Financial Services Announcement.

As stated in the Financial Services Announcement, as the 2020 Financial Services Agreement will expire on 31 December 2022 and the parties thereto expect that the continuing connected transactions contemplated thereunder will continue on an ongoing basis, Yankuang Finance Company entered into the 2023 Financial Services Agreement with Shandong Energy to provide deposit services, comprehensive credit facility services and miscellaneous financial services to Shandong Energy Members. The 2023 Financial Services Agreement, the transactions contemplated thereunder and the relevant annual caps were approved in the annual general meeting of the Company held on 30 June 2022. For details of such annual general meeting, please refer to the announcement of the Company dated 30 June 2022.

In light of the Potential Absorption and Merger, Shandong Energy Finance Company has entered into the First Financial Services Agreement with Shandong Energy in order to provide deposit services, comprehensive credit facility services and miscellaneous financial services to Shandong Energy Members in replace of Yankuang Finance Company. The major terms of the First Financial Services Agreement are set out below:

**Date**

26 August 2022

**Parties:**

- (1) Shandong Energy Finance Company
- (2) Shandong Energy

**Major Terms and Pricing Policy**

Pursuant to the First Financial Services Agreement, Shandong Energy Finance Company shall provide the following financial services to Shandong Energy Members:

**(i) *Deposit services***

Shandong Energy Finance Company shall provide deposit services to Shandong Energy Members in accordance with normal commercial terms with a maximum daily balance (including accrued interests) of not exceeding RMB62.5 billion during the term of the First Financial Services Agreement.

The interest rate for Shandong Energy Members' deposit with Shandong Energy Finance Company shall comply with relevant regulations of the PBOC and be determined on normal commercial terms with reference to the deposits benchmark interest rate promulgated by the PBOC periodically (if any), and the interest rate offered by the General Commercial Banks for the provision of same type of deposit services.

**(ii) *Comprehensive credit facility services***

Shandong Energy Finance Company shall provide comprehensive credit facilities (including but not limited to loans, trade financing, bill acceptance and discounting, overdraft, factoring, guarantee, loan commitment, opening of letter of credit, etc.) to Shandong Energy Members with a maximum daily balance (including accrued interests) of not exceeding RMB28 billion, RMB30 billion and RMB32 billion for each of the three years from 2023 to 2025 respectively during the term of the First Financial Services Agreement.

The interest rate for the loan to be provided by Shandong Energy Finance Company to Shandong Energy Members shall comply with relevant regulations of the PBOC and be determined on normal commercial terms with reference to the loan benchmark interest rate promulgated by the PBOC periodically (if any), and the interest rate offered by General Commercial Banks for the provision of same type of loan services.



***(iii) Miscellaneous financial services***

Shandong Energy Finance Company shall provide miscellaneous financial services (including but not limited to bill acceptance and discounting services, financial and financing consultation services, credit certification and related consultation services, agency services, settlement services including payment and receipt, entrusted loans services, guarantee business services and other ancillary services in relation to settlement services) to Shandong Energy Members. The total annual fees charged by Shandong Energy Finance Company for the provision of miscellaneous financial services to Shandong Energy Members shall not exceed RMB6 million during the term of the First Financial Services Agreement.

The fees for the provision of miscellaneous financial services to Shandong Energy Members shall be charged by Shandong Energy Finance Company according to the prescribed rates determined by the PBOC or the CBIRC. If no such prescribed rates are available, the services fees shall be determined on normal commercial terms with reference to the fees charged by General Commercial Banks for the provision of the same type of financial services.

**Effective Date and Conditions Precedent**

The First Financial Services Agreement shall become effective upon the satisfaction of the following conditions precedent, among others:

1. Yankuang Finance Company and Shandong Energy Finance Company entered into an agreement in respect of the Potential Absorption and Merger and such agreement came into effect.
2. The completion of the internal approval process of the merged enterprise in respect of the First Financial Services Agreement;
3. The Company obtained approval for the First Financial Services Agreement from its shareholders' meeting.
4. All Shandong Energy members covered by the First Financial Services Agreement completed filing with the CBIRC.
5. The merged enterprise has met the regulatory requirements of the CBIRC in order to carry out the business covered by the First Financial Services Agreement, and the necessary business has been approved by CBIRC (if necessary).
6. The contents of the First Financial Services Agreement are in compliance with the regulatory requirements of the CBIRC.
7. All the changes of the merged enterprise are approved by the CBIRC and the change of business registration is completed.
8. Shandong Energy has completed the internal approval process and issued the approval document for the First Financial Services Agreement.

## Historical Amount, Proposed Annual Caps and Reasons

The aggregate historical transaction amounts of the financial services provided by Yankuang Finance Company and Shandong Energy Finance Company to Shandong Energy Members for the two years ended 31 December 2020 and 31 December 2021 and six months ended 30 June 2022 are set out as follows:

Item	Unit	For the	For the	For the
		year ended	year ended	six months
		31 December	31 December	ended 30 June
		2020	2021	2022
		Actual amount	Actual amount	Actual amount
Maximum daily balance of deposit	RMB billion	40.733	62.531	31.029
Maximum daily balance of comprehensive credit facility	RMB billion	22.133	24.290	23.504
Aggregate miscellaneous financial services fees	RMB million	2.885	1.782	0.811

Having considered the historical maximum daily balance of deposit for the year ended 31 December 2021 as provided by Yankuang Finance Company and Shandong Energy Finance Company to Shandong Energy Members, the Board proposed that the maximum daily balance of deposit (including accrued interests) under the First Financial Services Agreement shall not exceed RMB62.5 billion for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025.

Having considered (i) the historical maximum daily balances of comprehensive credit facility provided by Yankuang Finance Company and Shandong Energy Finance Company to Shandong Energy Members; (ii) the increasing funding needs of Shandong Energy Members for investment in new projects, trade financing and procurement of materials in 2023; (iii) a reasonable annual growth expectation of the funding needs of Shandong Energy Members from 2023 to 2025; and (iv) the wider scope of financial services business of Shandong Energy Finance Company as compared with that of Yankuang Finance Company, the Board proposed that the maximum daily balance (including accrued interests) of comprehensive credit facility to be provided by Shandong Energy Finance Company to Shandong Energy Members under the First Financial Services Agreement shall not exceed RMB28 billion, RMB30 billion and RMB32 billion for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025, respectively.

Having considered Shandong Energy Members' demand for the miscellaneous financial services, the Board proposed that the maximum annual fees payable for such miscellaneous financial services under the First Financial Services Agreement shall not exceed RMB6 million for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025.

The above annual caps are 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 entering into the First Financial Services Agreement**

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

Upon completion of the Potential Absorption and Merger, Yankuang Finance Company will be merged and absorbed by Shandong Energy Finance Company and Yankuang Finance Company will subsequently be dissolved and deregistered. In order to maintain the provision of financial services to Shandong Energy Members, the Company considers that the surviving entity of the Merger Transaction, i.e. Shandong Energy Finance Company, needs to enter the First Financial Services Agreement with Shandong Energy.

Through the provision of financial services to Shandong Energy Members, Shandong Energy Finance Company can expand its source of capital through absorbing capitals from Shandong Energy Members, enlarge its business scope, improve its profitability through providing loan and settlement services to Shandong Energy Members by means of charging loan interests and other service fees. At the same time, the Company can integrate financial resources and replace external high-interest loans through the platform of Shandong Energy Finance Company, thereby lowering its financing costs and improving its competitive edge.

The Directors (including the independent non-executive Directors) consider that the transactions under the First Financial Services Agreement (excluding the provision of comprehensive credit facility services) are entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 provision of comprehensive credit facility services under the First Financial Services Agreement is entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Implications under the Listing Rules**

Upon completion of the Potential Absorption and Merger, Shandong Energy Finance Company 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. As such, Shandong Energy Finance Company will become a subsidiary of the Company under the Listing Rules. Since Shandong Energy is a controlling Shareholder of the Company holding directly and indirectly approximately 54.92% of the issued share capital of the Company as at the date of this announcement, upon completion of the Potential Absorption and Merger, if materializes, the First Financial Services Agreement may constitute a major and continuing connected transaction of the Company which is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements the Listing Rules.

### ***(i) Deposit services***

As the deposit services to be provided by Shandong Energy Finance Company to Shandong Energy Members under the First Financial Services Agreement are on normal commercial terms, and no security over the assets of the Group is or will be granted in respect of such services, the deposit services to be provided by Shandong Energy Finance Company to Shandong Energy Members are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

### ***(ii) Comprehensive credit facility services***

As the highest applicable percentage ratio with respect to the proposed annual caps in relation to the provision of comprehensive credit facility services under the First Financial Services Agreement is more than 25% but less than 100%, such transactions, together with the proposed annual caps are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Such transactions also constitute a major transaction of the Company and are subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### ***(iii) Miscellaneous financial services***

As all of the relevant applicable percentage ratios with respect to the proposed annual caps in relation to the provision of miscellaneous financial services under the First Financial Services Agreement are less than 0.1%, such transactions are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

### (3) PROVISION OF FINANCIAL SERVICES TO THE COMPANY

The Board is pleased to announce that apart from the First Financial Services Agreement, Shandong Energy Finance Company also entered into the Second Financial Services Agreement with the Company. The major terms of the Second Financial Services Agreement are set out below:

#### **Date**

26 August 2022

#### **Parties:**

- (1) Shandong Energy Finance Company
- (2) The Company

#### **Major Terms and Pricing Policy**

Pursuant to the Second Financial Services Agreement, Shandong Energy Finance Company shall provide the following financial services to the Group:

##### ***(i) Deposit services***

Shandong Energy Finance Company shall provide deposit services to the Group in accordance with normal commercial terms with a maximum daily balance (including accrued interests) of not exceeding RMB27 billion during the term of the Second Financial Services Agreement.

The interest rate for the Group's deposit with Shandong Energy Finance Company shall comply with relevant regulations of the PBOC and be determined on normal commercial terms with reference to the deposits benchmark interest rate promulgated by the PBOC periodically (if any), and the interest rate offered by the General Commercial Banks for the provision of same type of deposit services.

##### ***(ii) Comprehensive credit facility services***

Shandong Energy Finance Company shall provide comprehensive credit facilities (including but not limited to loans, trade financing, bill acceptance and discounting, overdraft, factoring, guarantee, loan commitment, opening of letter of credit, etc.) to the Group with a maximum daily balance (including accrued interests) of not exceeding RMB15 billion, RMB16 billion and RMB17 billion for each of the three years from 2023 to 2025 respectively during the term of the Second Financial Services Agreement.

The interest rate for the loan to be provided by Shandong Energy Finance Company to the Group shall comply with relevant regulations of the PBOC and be determined on normal commercial terms with reference to the loan benchmark interest rate promulgated by the PBOC periodically (if any), and the interest rate offered by General Commercial Banks for the provision of same type of loan services.

***(iii) Miscellaneous financial services***

Shandong Energy Finance Company shall provide miscellaneous financial services (including but not limited to bill acceptance and discounting services, financial and financing consultation services, credit certification and related consultation services, agency services, settlement services including payment and receipt, entrusted loans services, guarantee business services and other ancillary services in relation to settlement services) to the Group. The total annual fees charged by Shandong Energy Finance Company for the provision of miscellaneous financial services to the Group shall not exceed RMB5 million during the term of the Second Financial Services Agreement.

The fees for the provision of miscellaneous financial services to the Group shall be charged by Shandong Energy Finance Company according to the prescribed rates determined by the PBOC or the CBIRC. If no such prescribed rates are available, the services fees shall be determined on normal commercial terms with reference to the fees charged by General Commercial Banks for the provision of the same type of financial services.

**Effective Date and Conditions Precedent**

The Second Financial Services Agreement shall become effective upon the satisfaction of the following conditions precedent, among others:

1. Shandong Energy Finance Company and Yankuang Finance Company entered into an agreement in respect of the Potential Absorption and Merger and such agreement came into effect.
2. The completion of the internal approval process of the merged enterprise in respect of the Second Financial Services Agreement.
3. The Company obtained approval for the Second Financial Services Agreement from its shareholders' meeting.
4. All Group members covered by the Second Financial Services Agreement completed filing with the CBIRC.
5. The merged enterprise has met the regulatory requirements of the CBIRC in order to carry out the business covered by the Second Financial Services Agreement, and the necessary business has been approved by CBIRC (if necessary).
6. The contents of the Second Financial Services Agreement are in compliance with the regulatory requirements of the CBIRC.
7. all the changes of the merged enterprise are approved by the CBIRC and the change of business registration is completed.



## Historical Amount, Proposed Annual Caps and Reasons

The historical transaction amounts of the financial services provided by Yankuang Finance Company to the Group for the two years ended 31 December 2020 and 31 December 2021 and for the six months ended 30 June 2022 are set out follows:

Item	Unit	For the year	For the year	For
		ended 31	ended 31	six months
		December	December	ended 30
		2020	2021	June 2022
		Actual	Actual	Actual
		amount	amount	amount
Maximum daily balance of deposit	RMB billion	12.602	12.974	26.229
Closing balance of comprehensive credit facility as at the end of the period	RMB billion	12.744	10.354	11.048
Aggregate miscellaneous financial services fees	RMB million	2.147	3.270	1.854

Having considered the historical maximum daily balance of deposit for the six months ended 30 June 2022, the Board proposed that the maximum daily balance of deposit (including accrued interests) under the Second Financial Services Agreement shall not exceed RMB27 billion for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025.

Having considered (i) the historical balances of comprehensive credit facility provided by Yankuang Finance Company to the Group for the two years ended 31 December 2021 and six months ended 30 June 2022; and (ii) the increasing funding needs of the Group for investment in new projects, trade financing and procurement of materials in the coming future, the Board proposed that the maximum daily balance (including accrued interests) of comprehensive credit facility to be provided by Shandong Energy Finance Company to the Group under the Second Financial Services Agreement shall not exceed RMB15 billion, RMB16 billion and RMB17 billion for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025, respectively.

Having considered the Group's demand for the miscellaneous financial services, the Board proposed that the maximum annual fees payable for such miscellaneous financial services under the Second Financial Services Agreement shall not exceed RMB5 million for each of the three years ending 31 December 2023, 31 December 2024 and 31 December 2025.

The above annual caps are 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 entering into the Second Financial Services Agreement**

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

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. 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.

Through the provision of financial services to the Group, Shandong Energy Finance Company can expand its source of capital through absorbing capitals from the Group, enlarge its business scope, improve its profitability through providing loan and settlement services to the Group by means of charging loan interests and other service fees. At the same time, the Company can integrate financial resources and replace external high-interest loans through the platform of Shandong Energy Finance Company, thereby lowering the Company's financing costs and improving its competitive edge. The transactions contemplated under the Second Financial Services Agreement will not affect the independence of the Company and are in the interests of the Company and the Shareholders.

Since the Second Financial Services Agreement shall become effective upon, among others, entering into of the agreement in relation to the Potential Absorption and Merger and its completion, and Company will directly hold approximately 53.92% of Shandong Energy Finance Company upon completion of the Potential Absorption and Merger, the Company will also be able to benefit from the profits of Shandong Energy Finance Company.

The Directors (including the independent non-executive Directors) consider that the transactions under the Second Financial Services Agreement (excluding the provision of deposit services) are entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 deposit services under the Second Financial Services Agreement are entered into after arm's length negotiations and based on normal commercial terms, and therefore the terms of such transactions and the proposed annual caps are fair and reasonable and 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 Finance Company is a subsidiary of Shandong Energy, who is a controlling Shareholder holding directly and indirectly approximately 54.92% of the issued share capital of the Company, and thus Shandong Energy Finance Company constitutes a connected person of the Company. Accordingly, the transactions contemplated under the Second Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Upon completion of the Potential Absorption and Merger, Shandong Energy Finance Company 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. As such, Shandong Energy Finance Company will become a connected subsidiary of the Company under the Listing Rules and the transactions contemplated under the Second Financial Services Agreement will continue to be continuing connected transactions of the Company under Chapter 14A of the Agreement.

### ***(i) Deposit services***

As the highest applicable percentage ratio with respect to the proposed annual caps in relation to the provision of deposit services under the Second Financial Services Agreement is more than 5% but less than 25%, such transactions, together with the proposed annual caps are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Such transactions also constitute a discloseable transaction of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### ***(ii) Comprehensive credit facility services***

As the provision of comprehensive credit facility services under the Second Financial Services Agreement is on normal commercial terms, and no security over the assets of the Group is or will be granted in respect of such services, the comprehensive credit facility services to be provided by Shandong Energy Finance Company to the Group are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

### ***(iii) Miscellaneous financial services***

As all of the relevant applicable percentage ratios with respect to the proposed annual caps in relation to the provision of miscellaneous financial services under the Second Financial Services Agreement are less than 0.1%, such transactions are fully exempt from reporting, announcement, annual review and Independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

## GENERAL

As Mr. Li Wei, Mr. Liu Jian and Mr. Zhu Qingrui are regarded as having material interests in the transactions contemplated under the First Financial Services Agreement and the Second Financial Services Agreement, they have abstained from voting on the relevant resolutions of the Board for approving the First Financial Services Agreement and the Second Financial Services Agreement, the transactions contemplated thereunder and the respective proposed annual caps. Save as disclosed above, none of the other Directors has a material interest in such transactions.

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the First Financial Services Agreement, the Second Financial Services Agreement, the transactions contemplated thereunder and the respective proposed annual caps, 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 relation to (i) the transactions under the comprehensive credit facility services under the First Financial Services Agreement and the proposed annual caps for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025; and (ii) the transactions under the deposit services under the Second Financial Services Agreement and the proposed annual caps for the three years ending 31 December 2023, 31 December 2024 and 31 December 2025.

The EGM will be convened and held for the Independent Shareholders to consider, if thought fit, to approve, among others, the First Financial Services Agreement, the Second Financial Services Agreement, the transactions contemplated thereunder and the respective proposed annual caps. As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company holding, directly and indirectly, 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 First Financial Services Agreement, the Second Financial Services Agreement, the transactions contemplated thereunder and the respective proposed annual caps. 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 First Financial Services Agreement, the Second Financial Services 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 First Financial Services Agreement and the Second Financial Services Agreement are subject to the satisfaction of the respective conditions precedent set out therein, the First Financial Services Agreement and the Second Financial Services 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:

“2023 Financial Services Agreement”	the financial services agreement entered into between Yankuang Finance Company and Shandong Energy on 29 April 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
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling Shareholder”	has the meaning ascribed to it 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 First Financial Services Agreement, the Second Financial Services Agreement, the transactions contemplated thereunder and the proposed annual caps
“General Commercial Banks”	general commercial banks which provide deposit services, comprehensive credit facility services and miscellaneous financial services
“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”	a committee of the Board comprising all independent non-executive Directors established for the purpose of considering the First Financial Services Agreement, the Second Financial Services Agreement, the transactions contemplated thereunder and the respective proposed annual caps
“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 the provision of comprehensive credit facility services contemplated under the First Financial Services Agreement and provision of deposit services contemplated under the Second Financial Services Agreement and the proposed annual caps
“Independent Shareholders”	Shareholders other than Shandong Energy and its associates, and who are not involved in, or interested in the First Financial Services Agreement, Second Financial Services Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	People’s Bank of China
“Potential Absorption and Merger”	the potential merger and absorption of Yankuang Finance Company by Shandong Energy 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 Members”	Shandong Energy, its subsidiaries and associates (excluding the Company and its subsidiaries)
“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 directly owned as to approximately 53.92% by the Company and directly owned as to approximately 31.67% by Shandong Energy upon completion of the Potential Absorption and Merger. Shandong Energy Finance Company is a non-banking financial institution legally established with the approval of the CBIRC and is a professional institution engaging in corporate financial services
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder A”	Zibo Industrial 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 Industrial 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 Industrial 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
“Yankuang Finance Company”	Yankuang Group Finance Co., Ltd.* (兗礦能源集團財務有限公司), 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. Yankuang Finance Company is a non-banking financial institution legally established with the approval of the CBIRC and is a professional institution engaging in corporate financial services
“%”	per cent.

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

Zoucheng, Shandong Province, the PRC  
26 August 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 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