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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)

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

Sole Overall Coordinator, Placing Agent and Capital Market Intermediary



On 3 June 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as the Company's sole placing agent, to procure, on a best effort basis, no fewer than six Placees, who and whose ultimate beneficial owner(s) (where applicable) will be Independent Third Parties, to purchase 285,000,000 Placing Shares at the Placing Price of HK\$17.39 per Placing Share or failing which, to purchase itself the Placing Shares.

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Closing Date, the number of 285,000,000 Placing Shares under the Placing represents approximately 10.00% of the number of existing issued H Shares and approximately 3.83% of the number of existing issued Shares as at the date of this announcement, and approximately 9.09% of the number of issued H Shares and approximately 3.69% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$17.39 per Placing Share represents:

- (a) a discount of approximately 9.90% to the closing price of HK\$19.30 per H Share as quoted on the Stock Exchange on 3 June 2024, being the date of the Placing Agreement;
- (b) a discount of approximately 11.26% to the average closing price of HK\$19.60 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 5.52% to the average closing price of HK\$18.41 per H Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day.

Subject to the Completion, it is expected that the gross proceeds and net proceeds (after deducting the Placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$4,956.15 million and HK\$4,928.97 million, respectively. On such basis, the net issue price will be approximately HK\$17.29 per Placing Share.

No Shareholders' approval is required for the Placing and the allotment and issue of the Placing Shares by the Company, as the Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Board by resolution of the Shareholders passed at the AGM held on 30 June 2023, under which the Board may allot and issue up to 380,000,000 new H Shares (representing 20% of the issued H Shares as at the date of the passing of the resolution at the AGM). As at the date of this announcement and immediately prior to the entering into of the Placing Agreement, the Company has not issued any H Shares under the General Mandate.

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares on the Stock Exchange.

As Completion is subject to the Placing Agreement not being terminated, and the satisfaction (or waiver) of a number of conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

On 3 June 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed, as the Company's sole placing agent, to procure, on a best effort basis, no fewer than six Placees, who and whose ultimate beneficial owner(s) (where applicable) will be Independent Third Parties, to purchase 285,000,000 Placing Shares at the Placing Price of HK\$17.39 per Placing Share or failing which, to purchase itself the Placing Shares.

The principal terms of the Placing Agreement are set out below:

THE PLACING AGREEMENT

Date

3 June 2024 (after trading hours)

Parties to the Placing Agreement

- (1) The Company; and
- (2) China International Capital Corporation Hong Kong Securities Limited

Placing Agent

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

Placees

The Placing Agent has conditionally agreed to procure, on a best effort basis, the subscription of the Placing Shares by no fewer than six Placees who will be professional, institutional and/or other investors at the Placing Price. The Placees and their respective ultimate beneficial owner(s) (where applicable) shall be Independent Third Parties and not connected with, the Company and its connected persons.

It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately after the Completion.

Number of Placing Shares

Assuming that there will be no change in the number of issued Shares between the date of this announcement and the Closing Date, the number of 285,000,000 Placing Shares under the Placing represents approximately 10.00% of the number of existing issued H Shares and approximately 3.83% of the number of existing issued Shares as at the date of this announcement, and approximately 9.09% of the number of issued H Shares and approximately 3.69% of the number of issued Shares as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares to be allotted and issued will be RMB285,000,000.

Placing Price

The Placing Price of HK\$17.39 per Placing Share represents:

- (a) a discount of approximately 9.90% to the closing price of HK\$19.30 per H Share as quoted on the Stock Exchange on 3 June 2024, being the date of the Placing Agreement;
- (b) a discount of approximately 11.26% to the average closing price of HK\$19.60 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 5.52% to the average closing price of HK\$18.41 per H Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent and with reference to the market conditions and the prevailing market price of the H Shares. The Directors consider that the Placing Price is fair and reasonable and the Placing is in the interest of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfilment or waiver (in respect of condition (b) below only) of the following conditions:

- (a) the Approval having been obtained and not having been subsequently revoked prior to the Completion;
- (b) the delivery to the Placing Agent of one duly executed original of the letter of lock-up undertaking duly executed by Yankuang Hong Kong;
- (c) the delivery of the final draft or substantially complete draft of the CSRC Filings and the opinion by the PRC counsel of the Company in relation to the CSRC Filings; and
- (d) the delivery of (i) a Hong Kong legal opinion by the Hong Kong legal counsel of the Company; (ii) a PRC legal opinion by the PRC legal counsel of the Company; and (iii) a no-registration opinion by the U.S. legal counsel of the Company.

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares on the Stock Exchange.

As at the date of this announcement, condition (b) above has been fulfilled.

If any of the above conditions is not fulfilled or waived (in respect of condition (b) above only) at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date or such later time as the parties to the Placing Agreement may agree in writing, the Placing Agreement shall terminate with immediate effect and all obligations of each of the parties to the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and liabilities otherwise stipulated in the Placing Agreement.

Completion

The Completion shall take place on the Closing Date subject to fulfillment (or waiver) of the conditions set out above.

Termination of the Placing Agreement

If at any time prior to 8:00 a.m. (Hong Kong time) on the Closing Date, any of the specific events provided in the Placing Agreement, such as any breach of any of the representations, warranties and undertakings by the Company as set out in the Placing Agreement, occurs, then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 8.00 a.m.(Hong Kong time) on the Closing Date.

Without prejudice to any other provisions of the Placing Agreement, the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement if any of the Placing Shares are not delivered by or on behalf of the Company in accordance with the Placing Agreement.

In the event that the Placing Agent terminates the Placing Agreement in accordance with the above reasons, all obligations of each of the parties to the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement and liabilities otherwise stipulated in the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Lock-up undertaking

The Company has undertaken to the Placing Agent that the Company shall not, for a period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Closing Date, without the prior written consent of the Placing Agent, except for the issue of the Placing Shares and save pursuant to the terms of any share schemes adopted by the Company as of the date of the Placing Agreement and issuance of bonus shares pursuant to the distribution plan of the Company, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid, directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction.

Yankuang Hong Kong has also undertaken to the Placing Agent that it will not, between the date of the Lock-up Undertaking (as defined below) and the date which is 90 days after the Closing Date, (i) sell, transfer, dispose, or offer to sell, transfer, dispose (either conditionally or unconditionally, or directly or indirectly, or otherwise) any H Shares or any interests in H Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any H Shares or interest in H Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agent (the “**Lock-Up Undertaking**”).

If for any reason the Placing Agreement shall be terminated prior to the Closing Date, the Lock-Up Undertaking shall likewise be terminated.

As Completion is subject to the Placing Agreement not being terminated, and the satisfaction (or waiver) of a number of conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

RANKING OF THE PLACING SHARES

The Placing Shares will rank, upon allotment and issue, *pari passu* in all respects with each other, among themselves and with the other H Shares in issue on the date of allotment and issue of the Placing Shares.

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

No Shareholders' approval is required for the Placing and the allotment and issue of the Placing Shares by the Company, as the Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Board by resolution of the Shareholders passed at the AGM held on 30 June 2023, under which the Board may allot and issue up to 380,000,000 new H Shares (representing 20% of the issued H Shares as at the date of the passing of the resolution at the AGM).

As at the date of this announcement and immediately prior to the entering into of the Placing Agreement, the Company has not issued any H Shares under the General Mandate.

APPLICATION FOR LISTING OF THE PLACING SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares on the Stock Exchange.

The Placing is conditional upon, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

CSRC Filings

The Company shall complete the CSRC Filings in connection with the Placing.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Company is a joint stock company with limited liability incorporated under the laws of the PRC, with its H Shares and A Shares listed on the Stock Exchange and Shanghai Stock Exchange, respectively. The Company is principally engaged in mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing and intelligent logistics. Products of the Company are mainly thermal coals for large power plants, coking coal for metallurgical production, high-quality low-sulfur coal for pulverized coal injection and chemical products such as methanol and acetic acid.

The Directors consider that the Placing will be conducive to the Company's utilisation of the financing function of the capital market, improvement of the capital structure of the Company, implementation of the strategic reserve fund and reduction of the gearing ratio of the Company.

Subject to the Completion, it is expected that the gross proceeds and net proceeds (after deducting the Placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$4,956.15 million and HK\$4,928.97 million, respectively. On such basis, the net issue price will be approximately HK\$17.29 per Placing Share.

The net proceeds from the Placing, after deduction of expenses for issuance, will be used mainly for repayment of the Group's debts and replenishment of general working capital of the Group.

In view of the above, the Directors consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the Placing commission payable to the Placing Agent) are fair and reasonable and with reference to the prevailing market conditions. The Placing and the entry into of the Placing Agreement are in the interest of the Company and its Shareholders as a whole.

EFFECTS OF THE PLACING ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the number of the total issued Shares of the Company is 7,437,969,540 Shares, comprising 4,587,969,540 A Shares and 2,850,000,000 H Shares.

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the Completion (assuming there is no change in the number of issued Shares from the date of this announcement up to the Closing Date):

	As at the date of this announcement		Immediately upon the Completion	
	Number of Shares	Approximate percentage of total issued Shares (%)	Number of Shares	Approximate percentage of total issued Shares (%)
<i>A Shares</i>				
Shandong Energy	3,376,658,070	45.40	3,376,658,070	43.72
Other A Shareholders	1,211,311,470	16.29	1,211,311,470	15.68
Sub-total	4,587,969,540	61.68	4,587,969,540	59.41
<i>H Shares</i>				
Shandong Energy ⁽¹⁾	682,483,500	9.18	682,483,500	8.84
Placees ⁽²⁾	–	–	285,000,000	3.69
Other H Shareholders	2,167,516,500	29.14	2,167,516,500	28.07
Sub-total	2,850,000,000	38.32	3,135,000,000	40.59
Total	7,437,969,540	100.00	7,722,969,540	100.00

Notes:

- (1) These H shares are held by Yankuang Hong Kong (a wholly-owned subsidiary of Shandong Energy) in the capacity of beneficial owner.
- (2) None of the Placees is a substantial shareholder as at the date of this announcement, and it is expected that none of the Placees will become a substantial shareholder of the Company immediately upon the Completion.
- (3) The percentage figures above have been rounded off to the nearest second decimal place.
- (4) The sum of the number of Shares and the shareholding percentage may not be equal to the total number or percentage due to rounding.

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

EQUITY FUND RAISING ACTIVITY OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Directors confirm that the Company has not been involved in any fund raising activities in relation to the issuance of its equity securities within the twelve months immediately preceding the date of this announcement.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 30 June 2023;
“Approval”	the granting by the Listing Committee of listing of, and permission to deal in, all of the Placing Shares on the Stock Exchange;
“A Shareholders”	holders of A Shares;
“A Share(s)”	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange;
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	any day (excluding a Saturday, Sunday or public holiday in Hong Kong and a day on which a tropical cyclone warning number 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for ordinary business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong;
“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 Stock Exchange (01171.HK) and the Shanghai Stock Exchange (600188.SH), respectively;
“Completion”	the completion of the Placing in accordance with the terms and conditions set out in the Placing Agreement;

“Closing Date”	the Business Day after the date on which the conditions set out in the Placing Agreement are fulfilled but in any event no later than 12 June 2024, or such other date as may be agreed between the parties to the Placing Agreement in writing;
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules;
“CSRC”	the China Securities Regulatory Commission;
“CSRC Filings”	the CSRC Filing Report (including any amendments, supplements and/or modifications thereof) and any relevant supporting materials;
“CSRC Filing Report”	the filing report prepared and submitted by the Company in relation to the Placing and any transactions contemplated by the Placing Agreement to the CSRC;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted by the special resolution passed at the AGM to the Board to allot, issue and deal with H Shares of up to a maximum of 20% of the aggregate nominal value of H Shares of the Company in issue as at the date of passing of the resolution, that is a total of 380,000,000 H Shares;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“H Shareholders”	holders of H Shares;
“H Share(s)”	overseas-listed foreign-invested shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules);
“Last Trading Day”	3 June 2024, being the last trading day prior to the signing of the Placing Agreement, which took place after trading hours;

“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Placees”	any professional, institutional and other investors, whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement;
“Placing”	the conditional placing by or on behalf of Placing Agent of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement;
“Placing Agent”	China International Capital Corporation Hong Kong Securities Limited;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 3 June 2024 in relation to the Placing under the General Mandate;
“Placing Price”	the price of HK\$17.39 per Placing Share;
“Placing Share(s)”	285,000,000 new H Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement which will rank <i>pari passu</i> in all respects with the H Shares in issue and together with all rights attaching to as at the date of issue of the Placing Shares;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shandong Energy”	Shandong Energy Group Company Limited* (山東能源集團有限公司), a state-controlled limited liability company which is owned as to 70%, 20%, and 10% by Shandong Provincial People’s Government State-owned Assets Supervision and Administration Commission* (山東省人民政府國有資產監督管理委員會), Shandong Guohui Investment Holding Group Co., Ltd.* (山東國惠投資控股集團有限公司) and Shandong Caixin Assets Operation Co., Ltd.* (山東省財欣資產運營有限公司), respectively; and the controlling shareholder of the Company holding directly and indirectly approximately 54.57% of the total issued share capital of the Company as at the date hereof;
“Share(s)”	A Share(s) and the H Share(s);

“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the same meaning ascribed thereto under the Listing Rules;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong;
“trading day”	means a day on which the Stock Exchange is open for the trading of securities;
“Yankuang Hong Kong”	Yankuang Group (Hong Kong) Company Limited, a wholly-owned subsidiary of Shandong Energy, holding 682,483,500 H Shares of the Company through Hong Kong Securities Clearing Company (Nominees) Limited as at the date hereof;
“%”	per cent.

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

Zoucheng, Shandong Province, the PRC
4 June 2024

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*