

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)

CONNECTED TRANSACTION
ACQUISITION OF 70% EQUITY INTEREST IN POWER SALES
BY WAY OF CAPITAL INCREASE

INTRODUCTION

The Board is pleased to announce that on 29 August 2025, Hua Ju Energy, a non-wholly owned subsidiary of the Company, entered into the Capital Increase Agreement with Shandong Energy and Power Sales, a non-wholly owned subsidiary of Shandong Energy. Pursuant to the Capital Increase Agreement, Hua Ju Energy intends to contribute RMB253,623,750 in cash to subscribe for RMB180,000,000 of the additional registered capital of Power Sales. Upon completion of the Capital Increase, Hua Ju Energy will hold 70% equity interest in Power Sales, and Shandong Energy will hold 30% equity interest in Power Sales. Power Sales will become a subsidiary of the Company and its financial statements will be consolidated in the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company, directly and indirectly holding approximately 52.84% of the issued share capital of the Company, and Power Sales is a non-wholly owned subsidiary of Shandong Energy. Accordingly, Shandong Energy is a connected person of the Company and Power Sales is an associate of Shandong Energy under the Listing Rules. Hua Ju Energy is a non-wholly owned subsidiary of the Company and accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 0.1% but are less than 5%, the Capital Increase is subject to the reporting and announcement requirements but is exempt from the circular (including the independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

According to the internal system of the Company, the Capital Increase is subject to the consideration and approval of the general manager's office meeting of the Company but is not subject to the consideration and approval of the Board. Accordingly, the general manager's office meeting of the Company has been convened to approve the Capital Increase and the independent Directors have expressed their independent opinions for considering and approving the Capital Increase.

Mr. Li Wei, Mr. Liu Jian, Mr. Liu Qiang and Mr. Zhang Haijun, the Directors of the Company, are considered to be materially interested in the Capital Increase and they have not participated in the general manager's office meeting. Save as disclosed above, no other Directors have material interests in the Capital Increase.

I. INTRODUCTION

The Board is pleased to announce that on 29 August 2025, Hua Ju Energy, a non-wholly owned subsidiary of the Company, entered into the Capital Increase Agreement with Shandong Energy and Power Sales, a non-wholly owned subsidiary of Shandong Energy. Pursuant to the Capital Increase Agreement, Hua Ju Energy intends to contribute RMB253,623,750 in cash to subscribe for RMB180,000,000 of the additional registered capital of Power Sales. Upon completion of the Capital Increase, Hua Ju Energy will hold 70% equity interest in Power Sales, and Shandong Energy will hold 30% equity interest in Power Sales. Power Sales will become a subsidiary of the Company and its financial statements will be consolidated in the financial statements of the Group.

II. THE CAPITAL INCREASE

Date

29 August 2025

Principal Terms

(a) *Parties*

Hua Ju Energy;

Shandong Energy; and

Power Sales

(b) The Capital Increase

Prior to the Capital Increase, the registered capital of Power Sales amounted to RMB120 million, which has been fully paid up, with Shandong Energy holding 75% equity interest in Power Sales and Hua Ju Energy holding 25% equity interest in Power Sales. Pursuant to the Capital Increase Agreement, the registered capital of Power Sales increased from RMB120 million to RMB300 million, with the increased amount of RMB180 million to be subscribed by Hua Ju Energy in cash. Shandong Energy confirms that it has waived its pre-emptive right in respect of the Capital Increase under the applicable laws of the PRC, the articles of association of the Company, any previously signed agreements or any other reasons.

The shareholding structure of Power Sales before and after completion of the Capital Increase is set out below:

Name of shareholder	Registered capital (RMB0'000)		Shareholding ratio (%)	
	Before the Capital Increase	After the Capital Increase	Before the Capital Increase	After the Capital Increase
Shandong Energy	9,000	9,000	75	30
Hua Ju Energy	3,000	21,000	25	70
Total	12,000	30,000	100	100

(c) Consideration for the Capital Increase and the Basis of Determination Thereof

According to the result of the valuation of the entire equity interests of the shareholders in Power Sales (the “**Valuation**”) using the income approach based on the Asset Appraisal Report (Dongzhou Ping Bao Zi [2024] No. 2403) (the “**Valuation Report**”) issued by Shanghai Orient Asset Appraisal Co., Ltd. (上海東洲資產評估有限公司) (the “**Independent Valuer**”) with 31 August 2024 as the valuation benchmark date (the “**Valuation Date**”), the carrying amount of the equity interests of the owners in Power Sales amounted to RMB146,169,500 and the appraised value amounted to RMB169,082,500, representing a value appreciation of RMB22,913,000 and an appreciation rate of 15.68%.

Based on the Valuation Report, the capital increase price of Hua Ju Energy in the Capital Increase is approximately RMB1.409 per share, and the consideration for the Capital Increase is RMB253,623,750, of which RMB180,000,000 will be included in the paid-in capital and RMB73,623,750 will be included in the capital reserve. Each party shall bear its own tax expenses arising from the Capital Increase in accordance with the relevant applicable laws.

Identity and Qualification of the Independent Valuer

The Independent Valuer (i.e. Shanghai Orient Asset Appraisal Co., Ltd.) is engaged by Hua Ju Energy and is an independent qualified asset valuer approved by the Ministry of Finance of the PRC to carry out valuation engagements in the PRC, which possesses the necessary qualification to carry out the Valuation and has sufficient experiences in carrying out similar valuations.

Valuation Methodology

The Valuation Report has been prepared in accordance with the PRC Asset Appraisal Standards. In conducting the valuation on Power Sales, the Independent Valuer has considered both the asset-based approach and the income approach and adopted the results of the income approach in the Valuation Report for the reasons set out below:

1. The basic idea of the asset-based approach is to rebuild or relocate the appraised entity in accordance with the prevailing conditions so that when a potential investor decides to invest in an asset, the price he is willing to pay will not exceed the current market cost of purchasing the asset. The Valuation can satisfy the conditions necessary for an asset-based valuation, i.e., the assets of Power Sales are in a state of continued use and its historical operating information is available. The asset-based approach can satisfy the requirements for the valuation type in the Valuation.
2. For the income approach, assets are appraised from the perspective of their projected profitability, which can fully realize the overall value of the enterprise, and its valuation results are more reliable and convincing. At the same time, Power Sales possesses the following prerequisites for the application of the income approach: operation being sustainable in the future, predictable expectation of future income, stable relationship between the total shareholders' equity and the operating status of the enterprise, future operating income being predictable and quantifiable, and feasibility of estimation and measurement of the risks and returns associated with the expected income of the enterprise.
3. The party purchasing electricity from the electricity market and retailing electricity directly to users is a new type of operating entity emerging after the reform of electricity marketization, to which ordinary operations is not comparable for the time being, and there are significant policy differences between regions. There are few domestic listed companies in the same industry as Power Sales that are comparable in terms of product type, operation model, corporate scale, asset allocation, future growth, etc. There is even less data recently disclosed on the overall economic model of similar industries in the trading market, or even if there are a few cases, the data on the backgrounds of the relevant transactions and transaction cases are not available through public channels. Due to the insufficiency of the information available, the basic conditions allowing the adoption of the market approach in the Valuation are absent.

In view of the above analysis, the asset-based approach and the income approach have been determined for adoption for the purpose of the Valuation.

The appraisal of the value of the entire equity interests of the shareholders in Power Sales using the asset-based approach arrived at the following appraisal results of Power Sales as at the Valuation Date: the carrying amount of the equity interests of owners in Power Sales amounted to RMB146,169,500 and the appraisal value amounted to RMB155,130,800, representing a value appreciation of RMB8,961,300 and an appreciation rate of 6.13%. Of which, the carrying amount of total assets amounted to RMB149,536,500 and the appraised value amounted to RMB158,497,800, representing a value appreciation of RMB8,961,300 and an appreciation rate of 5.99%; the carrying amount of total liabilities amounted to RMB3,366,900, and the appraised value amounted to RMB3,366,900, representing no change in value.

The appraisal of the value of the entire equity interests of the shareholders in Power Sales using the income approach arrived at the following appraisal results as at the Valuation Date: the carrying amount of the equity interests of owners in Power Sales amounted to RMB146,169,500 and the appraised value amounted to RMB169,082,500, representing a value appreciation of RMB22,913,000 and an appreciation rate of 15.68%.

The difference in valuation results between different valuation approaches is mainly attributable to the different perspectives of asset value considered by the various valuation methods. The asset-based approach is conducted from the perspective of the current reconstruction of the various resources of the enterprise, while the income approach is conducted from the perspective of the future consolidated profitability of the enterprise.

Since the principal business of Power Sales is the sales of electricity, its value should include not only tangible assets such as fixed assets and working capital, but also important intangible resources such as its trading team and strategic advantages, customer resources, business network, service capability and management advantages. The valuation results of the asset-based approach only measures the value of individual tangible assets and identifiable intangible assets, and cannot fully realize the value contribution of each individual asset portfolio to the entire company, nor can it fully reflect the overall benefit value of each individual resource under specific time and condition combinations. The values embedded in the valuation results of the income approach include all the intangible assets of Power Sales which are not identifiable, and thus the valuation results are higher than those of the asset-based approach. In view of the purpose of the Valuation, the income approach can objectively and reasonably reflect the value contributed, and thus the results of the income approach are adopted as the final valuation conclusion.

Values of Key Input Parameters and Calculation Process

The nature and sources of the information on which the Valuation Report is based mainly include: according to the actual circumstances of the appraised entity, the discounted corporate free cash flow model under the discounted cash flow (“DCF”) method has been adopted, the basic formula of which is:

Value of entire equity interests of the shareholders = Total value of the enterprise – Value of interest-bearing debts

Where: Total value of the enterprise = Value of operating assets + Value of surplus assets + Value of non-operating assets and liabilities

Value of operating assets = P, being the sum of the present value of free cash flows during the definite forecast period and the present value of free cash flows after the definite forecast period, i.e.

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i} + \frac{F_n * (1+g)}{(r-g) * (1+r)^n}$$

Where: F_i - the amount of free cash flow in the i-th income period in the future;

n - The definite forecast period, which refers to the period from the Valuation Date to the date when the enterprise achieves a relatively stable operating condition;

g - The expected annual growth rate of future income after the definite forecast period;

r - The discount rate selected.

Valuation Calculation and Analysis Process

For the Valuation, the free cash flow of the enterprise is used as an indicator of income for the appraised entity, which is basically defined as:

R = net profit + interest on interest-bearing debt after tax + depreciation and amortization - capital expenditures - working capital increment

Based on the operating history of the appraised entity and forecasts of its future earnings, the expected future free cash flows are estimated. Free cash flows for the future operating period are discounted and summed to project the value of the operating assets of the enterprise.

- (1) Determination of expected income. Considering the appraised entity’s human resources, technical standards, capital structure, operating conditions, historical results and development trends, as well as macroeconomic factors, the current status and development prospects of the industry in which the appraised entity is based, the appraisal assumptions are reasonably determined on the basis of the necessary analytical review, judgment and adjustments to the information on the forecast of future income provided by the principal or the management of the appraised entity to arrive at the amount of expected future income.

(1.1) Analysis on the forecast of revenue from principal businesses: Power Sales, on the basis of gaining profits from the contractual price margin between the power generation counterpart and the power consumption counterpart, and through the operation of strategies including its positions in the market over the medium to long-term on a monthly basis and its declaration on the spot electricity in the market on a daily basis, reaps further profits from the price margin, with all operations completed through the provincial power trading platform.

Power Sales primarily conducts market price forecasts through the AI system of Beijing Xinzhi Energy Co., Ltd.* (北京心知能源有限公司) (“**Xinzhi Energy**”), and compares and verifies forecasts using both the electricity-aided decision-making system and artificial tactics. Certain interventions are made to ensure the accuracy of forecasts when necessary. In 2023, the operations of electricity market were primarily conducted using artificial strategies, with transaction price margins reaching relatively high levels among the players of the similar categories in the market (approximately RMB0.011/kWh). In 2024, Xinzhi Energy’s AI technology was introduced for market operations, thus significantly enhancing the profitability again, with the trading price margin reaching approximately RMB0.02/kWh. It is anticipated that factors such as intensified sensitivity in trading strategy, increased trading volume of electricity and intensified market competition will lead to a gradual decline in the trading price margins in future years.

In 2024, three suppliers for medium to long-term electricity supply have been contracted with an expected annual electricity generation of 762 million kWh, and 39 retail customers have been contracted with an expected annual electricity consumption of 3 billion kWh. In view of the above factors, Power Sales intends to implement a strategy for rapid scale expansion to further capture the market share and strives to reach the contracted electricity volume of 4 billion kWh by the end of 2024 and 6 billion kWh by the end of 2027.

(1.2) Analysis on tax and surcharge forecast: urban construction tax is forecasted at 7% of turnover tax payable; education surcharge is forecasted at 5% of turnover tax payable; and stamp duty is forecasted at a percentage of the revenue from principal businesses.

(1.3) Analysis on administrative expense forecast: Classification and analysis are conducted for various expenses in administrative expense, with the characteristics of the occurrence of different expenses and their patterns of change as basis of analysis, as well as calculations using different models according to their relationships with operating revenues and their own growth pattern. Wage and salary, technical service fee and intermediary service fee are forecasted in accordance with the proportion of revenue from principal businesses or the proportion of traded electricity; management service fee is forecasted in accordance with the signed long-term agreements; circuit maintenance fee is forecasted in accordance with the Approval of Hua Ju Energy’s Collection of Mining Grid Operation and Maintenance Fees (《關於華聚能源收取礦區電網運行維護費用的批覆》)(Yankuang Gu Zi [2022]No. 187); business hospitality expense, office expense, travel vehicle utilization expense and other expenses are forecasted in accordance with fixed amounts or fixed proportion of growth; and depreciation expense is forecasted according to the apportionment of fixed assets depreciation.

(1.4) Analysis on finance cost forecast: The monetary capital attributable to performance bond is considered at the 1-year deposit rate, and demand deposits (net of necessary working capital) with finance companies are considered at the 7-day call deposit rate.

(1.5) Analysis on income tax forecast: The income tax rate of the appraised entity is 25%.

- (2) Determination of future income period. After analyzing and understanding the nature and type of business of the appraised entity, current conditions and development prospects of the industry in which the appraised entity is based, agreements and articles of association, operating conditions, assets characteristics and resources conditions, the future income period is determined to be indefinite. Meanwhile, based on a comprehensive analysis of the remaining economic life of the appraised entity's products or services and the research and development of its alternative products or services, revenue structure, cost structure, capital structure, capital expenditure, working capital, investment returns and risk level, etc., and taking into account macro policies, industry cycles and other factors affecting the stabilization of the enterprise, the value of g is arrived to be zero where the duration of the explicit forecast period (n) in this project has been selected as 5 years, and the constant (F_i) after the explicit forecast period remains unchanged.
- (3) Determination of the discount rate. In accordance with the principle that the discount rate shall be consistent with the expected return, the weighted average cost of capital (WACC) is selected as the discount rate, and the discount rate used is 11.40%.
- (4) Determination of the value of surplus assets and the net appraised value of non-operating assets and liabilities. Based on the audited accounting statements of the appraised entity, the scope of the surplus assets and non-operating assets and liabilities are analysed and determined, with their appraised values determined using appropriate valuation approaches.

Surplus assets refer to excessive assets not directly related to the operating income of the enterprise in the current profit forecast and in excess of the operating requirements of the enterprise in the profit forecast. As at the Valuation Date, the registered capital of the appraised entity was RMB120,000,000, which has been fully paid up by the shareholders. In accordance with the Administrative Measures of Power Sales (《售電公司管理辦法》), where its total asset ranges from RMB100,000,000 to RMB200,000,000 (exclusive), the company may engage in the power sales business with an annual sales volume of electricity of no more than 6,000,000,000 kWh. Accordingly, the portion exceeding the minimum paid-in capital as stipulated in the Administrative Measures of Power Sales amounted to RMB20,000,000 and the undistributed profit of RMB23,562,200 was accounted for as surplus assets.

Non-operating assets and liabilities refer to assets and related liabilities that are not directly related to the normal operating income of the enterprise in the profit forecast, including assets and related liabilities that do not generate any income or can generate income but are not included in the scope of the profit forecast, and amounted to RMB60,400 as at the Valuation Date.

- (5) Determination of the value of interest-bearing debt. Based on the audited accounting statements of the appraised entity, an analysis is conducted to determine the scope of interest-bearing debt, including borrowings from financial institutions or other entities or individuals, such as short-term borrowings, long-term borrowings, bonds payable, etc. The appraised entity has no interest-bearing debt.

By substituting the value of operating assets, the value of surplus assets as at the benchmark date, the value of non-operating assets and interest-bearing debt into formula, the value of the entire equity interests of the appraised entity is arrived to be RMB169,082,500. The subject of the Valuation is the value of the entire equity interests of shareholders, which does not involve any premium of controlling interests or discount of minority interest. Meanwhile, in view of the limitations of information on market transactions, no impact of the lack of liquidity factor on the valuation conclusion has been considered.

Validity Period of the Valuation Conclusion

The validity period for the use of valuation conclusion is one year from the Valuation Date. If there are any significant changes in the conditions of the assets and market conditions during the validity period as compared to the respective conditions of the assets as at the Valuation Date, the principal shall appoint the Independent Valuer to perform a valuation update or a re-valuation. There is no restriction on the scope of work of the Independent Valuer that may adversely affect the above valuation conclusion.

Basis of Valuation

The nature and source of information on which the Valuation Report is based mainly include: the Loan Prime Rate (LPR) in force on the benchmark date as authorized to be published by the National Interbank Funding Centre; Mechanical & Electrical Product Price Handbook (《機電產品報價手冊》), published by China Machine Press; price information of equipment available on the internet; historical annual financial statements and audit reports of the appraised entity; information related to market forecasts on the appraised entity's major services for the current and coming years; tables of forecast on future revenue and expense provided by the management of the appraised entity; information on contracts and orders in hand and target customers as provided by the management of the appraised entity; financial information and capital market information from the Royal Flush Analysis System; records of on-site inspections and other relevant valuation information collected by the asset valuer; and the Shandong Electricity Market Rules (Trial) (《山東電力市場規則(試行)》).

In summary, the Directors are of the view that the consideration for the Capital Increase and its basis of determination are fair and reasonable, on normal commercial terms and will not be detrimental to the interests of the Shareholders.

(d) Payment

The consideration of the Capital Increase shall be paid by Hua Ju Energy to the bank account of Power Sales within 60 working days after the Capital Increase Agreement takes effect.

(e) Completion

Power Sales shall be responsible for the completion procedures and registration of industrial and commercial changes in relation to the Capital Increase, with the cooperation of Shandong Energy and Hua Ju Energy.

Starting from the completion date, Hua Ju Energy shall become a shareholder holding 70% equity interests in Power Sales and shall be entitled to the rights and assume the obligations of a shareholder in accordance with its shareholding.

(f) Transitional Profit or Loss

During the period between the Valuation Date and the completion date, Power Sales shall be entitled to any profit realised by itself or any increased net asset for other reasons (as ultimately confirmed by the audit report issued by the audit firm engaged by Power Sales). Any loss incurred or any decreased net asset for other reasons during the period shall be borne by Power Sales.

Any undistributed profits of Power Sales accumulated prior to the Valuation Date shall be entitled by the shareholders after the Capital Increase in proportion to their shareholdings.

(g) Corporate Governance of Power Sales after the Capital Increase

- Directors: The directors of Power Sales shall be re-elected immediately within 60 days after the Capital Increase Agreement takes effect, and the directors shall be appointed by Hua Ju Energy.
- Supervisors: Power Sales shall not have any supervisory committee or supervisors, and the relevant powers and authorities shall be exercised by the internal audit department and other bodies.
- Management: Power Sales shall have a general manager, two to four deputy general managers and a chief financial officer. The general manager shall be appointed by Hua Ju Energy, and the deputy general managers and other senior management personnel shall be nominated by the general manager and appointed or dismissed at the discretion of the directors.

(h) Severability Clause

Each of the terms of the Capital Increase Agreement is severable. If any terms of the Capital Increase Agreement become or is held to be illegal, void or unenforceable in any respect under the laws of the PRC, it shall be void only in such respect and such terms (in all other respects) and the other terms of the Capital Increase Agreement shall continue to be valid. The parties shall use all reasonable endeavors to replace such terms in such respect with alternative terms which shall be as close in effect and enforceable as possible to the intended effect of such terms.

(i) Conditions for Taking Effect

The Capital Increase Agreement shall be constituted upon the signing by the authorized representatives of Hua Ju Energy, Shandong Energy and Power Sales with official seals affixed, and shall take effect from the date on which the Capital Increase has been passed by the shareholders at the general meeting of Power Sales and approved by Shandong Energy.

III. REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

As required by the Administrative Measures of Power Sales (《售電公司管理辦法》) (Fa Gai Ti Gai Gui [2021] No. 1595), where its total asset amounted to no more than RMB200,000,000, a company may engage in the power sales business with a maximum sales volume of electricity of 6,000,000,000 kWh. The current aggregate capital of Power Sales is RMB150,000,000, which can no longer meet the development needs of Power Sales' continuous expansion in its scale and service scope.

With the gradual deepening of the reform in the power market, companies with both power generation and power sales resources will gain an upper hand in market competitions through industrial synergy. Following the completion of the Capital Increase, the Company will be able to indirectly control Power Sales via Hua Ju Energy, thereby establishing an all-round industrial chain integrating power generation, power sales, and power consumption. Leveraging the hub position of Power Sales within the power industry, the Company can effectively implement its strategies for new energy development. In addition, by using Power Sales as a platform to coordinate and integrate resources of power generation, power sales, and power consumption for internal synergy, the Company can fully leverage its advantages in terms of economy of scale to maximise its corporate effectiveness. Accordingly, the Directors (including the independent non-executive Directors) consider that although the Capital Increase is not carried out in the ordinary course of the business of the Group, it is entered into and conducted on normal commercial terms, and the terms of the Capital Increase are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IV. FINANCIAL EFFECTS OF THE CAPITAL INCREASE

Upon completion of the Capital Increase, the interests held by Hua Ju Energy in Power Sales shall increase from 25% to 70% and Power Sales shall become a subsidiary of the Company, with its financial statements to be consolidated in the financial statements of the Group. The Company does not expect to record any gain or loss in respect of the Capital Increase and the Capital Increase has no material impact on the assets and liabilities of the Group. The exact financial effect of the Capital Increase is subject to the review by the auditor of the Company.

V. IMPLICATIONS UNDER THE LISTING RULES

Connected Transaction

As at the date of this announcement, Shandong Energy is a controlling shareholder of the Company, directly and indirectly holding approximately 52.84% of the issued share capital of the Company, and Power Sales is a non-wholly owned subsidiary of Shandong Energy. Accordingly, Shandong Energy is a connected person of the Company and Power Sales is an associate of Shandong Energy under the Listing Rules. Hua Ju Energy is a non-wholly owned subsidiary of the Company and accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceed 0.1% but are less than 5%, the Capital Increase is subject to the reporting and announcement requirements but is exempt from the circular (including the independent financial advice) and shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

According to the internal system of the Company, the Capital Increase is subject to the consideration and approval of the general manager's office meeting of the Company but is not subject to the consideration and approval of the Board. Accordingly, the general manager's office meeting of the Company has been convened to approve the Capital Increase and the independent Directors have expressed their independent opinions for considering and approving the Capital Increase.

Mr. Li Wei, Mr. Liu Jian, Mr. Liu Qiang and Mr. Zhang Haijun, the Directors of the Company, are considered to be materially interested in the Capital Increase and they have not participated in the general manager's office meeting. Save as disclosed above, no other Directors have material interests in the Capital Increase.

Profit Forecast

As the consideration for the Capital Increase was determined with reference to, among other things, the value of the entire equity interests of shareholders in Power Sales as at 31 August 2024 as set out in the Valuation Report, which was prepared by an Independent Valuer based on the discounted cash flows under the income approach, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

Pursuant to Rule 14.60A(1) of the Listing Rules, the followings are the details of the principal assumptions (including the business assumptions) on which the Independent Valuer has based the Valuation Report:

(i) Basic Assumptions

1. Transaction assumption

The transaction assumption refers to an assumption that all the assets under valuation are in the process of transaction, and the Independent Valuer shall carry out the valuation on the basis of a simulated market according to the transaction conditions of the assets under valuation. The transaction assumption is the most fundamental premise on which an asset valuation can be conducted.

2. Open market assumption

The open market assumption is an assumption about the market conditions into which the asset is intended to enter and the impacts to which the asset will be subject under such market conditions. The open market refers to a market with fully developed and comprehensive market conditions, being a competitive market between voluntary buyers and sellers, where buyers and sellers are on equal footing with sufficient opportunities and time for access to market information, and transactions between buyers and sellers are conducted on voluntary, rational, non-mandatory or unrestricted conditions. The open market assumption is based on the assumption that assets are publicly tradable in the market.

3. Going concern assumption

The going concern assumption is that the appraised entity can legally and reasonably continue its production and operation in the foreseeable future operating period under the conditions of existing assets and resources, or that there will not be any material adverse changes in its operating conditions.

4. Assumption about the use of an asset for existing purposes

The assumption about the use of an asset for existing purposes is that the asset will always continue to be used by the current user. Firstly, it is assumed that the internal production of the appraised entity is in the normal state of use. Secondly, it is assumed that the asset will continue to be used for the current purpose without consideration of the usage conversion or the optimal condition for utilization of the asset.

(ii) General Assumptions

1. It is assumed in the Valuation that there will be no unforeseeable material adverse changes in the external economic environment, such as the relevant laws prevailing in the country, macroeconomic, financial and industrial policies, and no other significant impact caused by force majeure and unforeseeable factors after the Valuation Date.
2. The Valuation has not taken into account the impact on the valuation conclusion of the appraised entity and its assets which may be subject to mortgages and guarantees in the future as well as the additional price that may be paid for special transactions.
3. It is assumed that there will be no significant changes in the socio-economic environment of the regions in which Power Sales is located and in the taxation, tax rate or taxation policies in force, and that financial policies such as credit policies, interest rates and exchange rates are basically stable.
4. The present and future business operations of Power Sales are lawful and compliant and in compliance with the relevant provisions of their business licenses and articles of association.

(iii) Special Valuation Assumptions in the Income Approach

1. The present and future management of Power Sales shall be lawful and compliant and shall perform its operation and management functions diligently and conscientiously. After the implementation of the Capital Increase, there will be no circumstance that will materially affect the corporate development or jeopardize the interests of the Shareholders, and Power Sales will continue to maintain its existing model of operation and management as well as management standard.
2. The core management and technicians of Power Sales will be relatively stable during the future forecast period and there will be no material changes affecting the corporate operation and the achievement of income.
3. The accounting policies adopted by Power Sales after the Valuation Date and the accounting policies adopted in the preparation of the Valuation Report are consistent in terms of materiality.
4. It is assumed that there will be an even cash inflow and an even cash outflow of Power Sales after the Valuation Date.
5. The current operating premises of Power Sales located at No. 459 Honghe Road, Zoucheng City, are leased for a term until 19 December 2026, at an annual rental of RMB32,400.00. The Valuation assumes that upon the expiry of the lease contract, Power Sales shall be able to renew the lease contract and continue to use the premises in accordance with the agreed conditions of the lease contract, or shall be able to acquire premises of similar conditions and size at market rental rates for the time being.

Recognition of Profit Forecast

Baker Tilly Hong Kong Limited, the reporting accountant of the Company, has reviewed the calculation of the profit forecast for Power Sales as set out in the Valuation Report. The Board confirmed that the profit forecast for Power Sales as set out in the Valuation Report was made after due and careful enquiries by the Board.

The full text of the report from Baker Tilly Hong Kong Limited and the letter from the Board, both dated 29 August 2025, are set out in Appendices I and II to this announcement, respectively.

The qualifications of the experts who have given their conclusions or opinions in this announcement are set out below:

Name	Qualification
Baker Tilly Hong Kong Limited	Certified Public Accountants

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Baker Tilly Hong Kong Limited is a third party independent of the Group and its connected persons.

To the best of the Directors' knowledge, information and belief, as at the date of this announcement, Baker Tilly Hong Kong Limited does not have any shareholding, directly or indirectly, in any member of the Group and does not have any right (whether legally enforceable or not) to subscribe for or to nominate others to subscribe for any securities in any members of the Group.

Baker Tilly Hong Kong Limited has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its name, letter, statement and all references to its name (including its qualification) in the form and context in which it appears.

VI. INFORMATION ABOUT THE PARTIES

The Company

The Company is principally engaged in the mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing and smart logistics business. 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 injections and chemical products such as methanol and acetic acid, etc.

Hua Ju Energy

Hua Ju Energy, a joint stock limited company established under the laws of the PRC and a non-wholly owned subsidiary of the Company as at the date of this announcement, is directly held as to approximately 95.1488% by the Company, with the remaining 4.8512% equity interests being held by Shandong Honghe Holding Group Co., Ltd (ultimately owned as to 67% by Zoucheng Finance Bureau and as to 33% by Jining Municipal People's Government's State-owned Assets Supervision and Administration Commission*(濟寧市人民政府國有資產監督管理委員會), respectively.

Hua Ju Energy is principally engaged in electricity production, electricity operation, professional and technical services on electricity, thermal power production and other businesses.

Shandong Energy

Shandong Energy is a state-controlled limited liability company, 90% equity interest of which is held directly and indirectly 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), and the remaining 10% equity interest of which is indirectly held by the Shandong Province Finance Bureau. Shandong Energy is principally engaged in mining, high-end chemicals, electricity, 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 of the Company, directly and indirectly holding approximately 52.84% of the issued share capital of the Company, and is the connected person of the Company accordingly.

Power Sales

Basic information

Power Sales is a company established under the laws of the PRC with limited liability. As at the date of this announcement, it is a non-wholly owned subsidiary of Shandong Energy, being directly held as to 75% by Shandong Energy and as to 25% by Hua Ju Energy. Power Sales is principally engaged in power sales business; investment and operation of distribution network, operation and maintenance of electricity equipment and facilities; electricity technology consulting and services, clean energy technology services, development and utilization of new energy, etc.

Financial information

The following table sets out the audited financial information of Power Sales for the last two financial years ended 31 December 2024, prepared in accordance with China Accounting Standards for Business Enterprises:

	Financial Years Ended 31 December	
	2024 <i>(RMB)</i>	2023 <i>(RMB)</i>
Net profit before taxation	15,487,204.60	11,385,985.91
Net profit after taxation	11,522,516.24	7,473,009.64

As at 31 December 2024, the audited total assets and total liabilities of Power Sales were approximately RMB149,760,853.80 and RMB4,369,002.11, respectively.

The original cost of the equity interests in Power Sales held by Shandong Energy was the amount directly injected by Shandong Energy over the years, i.e. RMB90,000,000.

VII. DEFINITIONS

In this announcement, unless the context otherwise indicates, the following terms have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Capital Increase”	Hua Ju Energy contributes RMB253,623,750 in cash to subscribe for the additional registered capital of RMB180,000,000 of Power Sales pursuant to the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into by Hua Ju Energy with Shandong Energy and Power Sales in respect of the Capital Increase on 29 August 2025
“China Accounting Standards for Business Enterprises”	the Accounting Standards for Business Enterprises and the relevant explanations issued by the Ministry of Finance of the PRC
“Company”	Yankuang Energy Group Company Limited* (兗礦能源集團股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC in 1997, with its H shares and A shares listed on the Stock Exchange (01171.HK) and Shanghai Stock Exchange (600188.SH), respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hua Ju Energy”	Shandong Hua Ju Energy Company Limited, a joint stock company with limited liability established under the laws of the PRC, and a non-wholly owned subsidiary of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules

“Power Sales”	Yankuang Power Sales Co., Ltd.* (兗礦售電有限公司), a joint stock company with limited liability established under the laws of the PRC, and a non-wholly owned subsidiary of Shandong Energy as at the date of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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 the controlling shareholder of the Company, directly and indirectly holding approximately 52.84% of the issued share capital of the Company as at the date of this announcement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Zoucheng City, Shandong Province, the PRC
29 August 2025

As at the date of this announcement, the Directors of the Company are Mr. Li Wei, Mr. Wang Jiuhong, 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. Zhu Limin, Mr. Gao Jingxiang, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui.

** For identification purpose only*

APPENDIX I - LETTER FROM BAKER TILLY HONG KONG LIMITED

The following is the text of a report from the Company's reporting accountants, Baker Tilly Hong Kong Limited (certified public accountant), for inclusion in this announcement.

INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS OF YANKUANG ENERGY GROUP COMPANY LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Shanghai Orient Asset Appraisal Co., Ltd.* (上海東洲資產評估有限公司) dated 19 November 2024 in respect of the appraisal of the fair value of Yankuang Power Sales Co., Ltd.* (兗礦售電有限公司) (the “**Target Company**”) as at 31 August 2024 (the “**Valuation**”) is based. The Valuation, prepared based on the discounted future cash flows, is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors' responsibilities

The Directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions (the “**Assumptions**”) determined by the Directors as set out in the valuation report of Shanghai Orient Asset Appraisal Co., Ltd. dated 19 November 2024. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation as well as making estimates that are reasonable in the circumstances.

Our independence and quality management

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

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to form an assurance conclusion on the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the directors have properly compiled the discounted future estimated cash flows based upon the Assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material aspects, based upon the Assumptions.

Other matter

The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from those used in the Valuation and the variation may be material. Our opinion is not qualified in respect of this matter.

For the purpose of this engagement, we do not review the accounting policies for the Valuation as the Valuation relates to discounted future cash flows and no accounting policies have been adopted in the preparation of the Valuation. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 29 August 2025

Wan Wing Ping

Practising certificate number P07471

* *English name for identification purpose only*

APPENDIX II - LETTER FROM THE BOARD

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

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

Dear Sir/Madam,

ACQUISITION OF 70% EQUITY INTERESTS IN POWER SALES BY WAY OF THE CAPITAL INCREASE

Reference is made to the announcement of the Company dated 29 August 2025 (the “**Announcement**”). Unless the context otherwise requires, capitalized terms used in this letter shall have the same meanings as defined in the Announcement.

Reference is made to the valuation report (the “**Valuation Report**”) on the value of the entire equity interests of the shareholders in Power Sales (the “**Valuation**”) prepared by Shanghai Orient Asset Appraisal Co., Ltd. (上海東洲資產評估有限公司) (an independent valuer, the “**Independent Valuer**”). The Valuation, prepared based on the discounted cash flows, is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The Board has discussed with the Independent Valuer and reviewed the assumptions on which the preparation of the Valuation Report is based. The Board has also engaged Baker Tilly Hong Kong Limited to issue a report on the calculations of the profit forecast used in the Valuation Report, and has considered the report of Baker Tilly Hong Kong Limited.

Based on the above, the Board confirms that the profit forecast contained in the Valuation Report has been made after due and careful enquiry.

Yours faithfully,
By order of the Board
Yankuang Energy Group Company Limited
Li Wei
Chairman of the Board

29 August 2025