

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: 1171)

**ANNOUNCEMENT IN RELATION TO THE GRANT OF RESTRICTED SHARES
TO PARTICIPANTS UNDER THE RESTRICTED A SHARE INCENTIVE SCHEME
FOR 2021**

Reference is made to (i) the announcement dated 1 December 2021 in relation to the proposed adoption of the Restricted A Share Incentive Scheme and the connected transaction in respect of the Grant of Restricted A Shares to the Connected Participants under the Incentive Scheme; (ii) the announcement dated 31 December 2021 in relation to amendment to the Restricted A Share Incentive Scheme for 2021 (Draft) and its Summary; and (iii) the circular dated 12 January 2022 (the “**Circular**”) of Yankuang Energy Group Company Limited (the “**Company**”). Unless otherwise indicated, capitalised terms used in this announcement shall have the same meanings as those defined in the announcements and the Circular.

Pursuant to the relevant authorisation of the 2022 first extraordinary general meeting and the 2022 first class meeting of the holders of A shares and the 2022 first class meeting of the holders of H shares of the Company, the Company convened the 20th Meeting of the Eighth Session of the Board of Directors on 27 January 2022, at which the “Resolution in Relation to the Grant of Restricted Shares to Participants under the Restricted A Share Incentive Scheme for 2021” was considered and approved. At present, the conditions of grant specified in the Restricted A Share Incentive Scheme for 2021 of the Company (the “**Incentive Scheme**”) have been fulfilled.

I. PARTICULARS OF THE GRANT OF RESTRICTED SHARES

(I) The Approval Process Performed for the Grant

1. On 1 December 2021, the Company convened the 18th Meeting of the Eighth Session of the Board, at which the “Resolution in relation to the Discussion and Considered and Approved the Restricted A Share Incentive Scheme for 2021 (Draft) and its Summary” of the Company, the “Resolution in relation to the Discussion and Considered and Approved the Regulations Governing the Implementation of the 2021 Restricted A Share Incentive Scheme” of the Company, and the “Resolution in relation to the Authorization to the Board to Handle the Relevant Matters of Restricted A Share Incentive Scheme for 2021” of the Company were considered and approved. The independent Directors of the Company have agreed on matters relating to the Share Incentive Scheme.

2. On 1 December 2021, the Company convened the 11th Meeting of the Eighth Session of the Supervisory Committee, at which the “Resolution in relation to the Discussion and Considered and Approved the Restricted A Share Incentive Scheme for 2021 (Draft) and its Summary” of the Company, the “Resolution in relation to the Discussion and Considered and Approved the Regulations Governing the Implementation of the 2021 Restricted A Share Incentive Scheme” of the Company, and the “Resolution in relation to the Authorization to the Board to Handle the Relevant Matters of Restricted A Share Incentive Scheme for 2021” of the Company were considered and approved.
3. In order to better play the role of the Share Incentive Scheme, according to changes and expectations in the industry market, the Company amended the performance appraisal indicators at the Company’s level involved in the “Restricted A Share Incentive Scheme for 2021 (Draft) and its Summary” and the “Regulations Governing the Implementation of the 2021 Restricted A Share Incentive Scheme”. The amended “Restricted A Share Incentive Scheme for 2021 (Revised Draft) and its Summary” and the “Regulations Governing the Implementation of the 2021 Restricted A Share Incentive Scheme (Revised Version)” were considered and approved at the 19th Meeting of the Eighth Session of the Board and the 12th Meeting of the Eighth Session of the Supervisory Committee of the Company on 31 December 2021. The independent Directors of the Company agreed with the revision of performance appraisal indicators.
4. From 31 December 2021 to 9 January 2022, the Company publicized the list of Participants of the Incentive Scheme at its office. After the publicity period expired, the Supervisory Committee verified the list of Participants of the Incentive Scheme and explained the publication.
5. On 14 January 2022, the Company received the “Approval on the Consent of the Implementation of the Restricted A Share Incentive Scheme for 2021 by Yankuang Energy Group Company Limited” by Shandong Energy Group Company Limited, which agreed that the Company to implement the Incentive Scheme in accordance with the relevant provisions.
6. On 27 January 2022, the Company convened the 2022 first extraordinary general meeting, the 2022 first class meeting of the holders of A shares and the 2022 first class meeting of the holders of H shares, at which the “Resolution in relation to the Restricted A Share Incentive Scheme for 2021 (Revised Draft) and its Summary” of the Company, the “Resolution in relation to the Regulations Governing the Implementation of the 2021 Restricted A Share Incentive Scheme (Revised Version)”, and the “Resolution in relation to the Authorization to the Board to Handle the Relevant Matters of Restricted A Share Incentive Scheme for 2021” were considered at approved. On the same day, the self-examination report on the trading of the Shares of the Company by the owners of insider information of the Incentive Scheme was announced, and no relevant owners of insider information were found to have used the insider information to trade in the Company’s Shares.
7. On 27 January 2022, the Company convened the 20th Meeting of the Eighth Session of the Board and the 13th Meeting of the Eighth Session of the Supervisory Committee, at which the “Resolution in relation to Adjustments to the Relevant Matters of Restricted A Share Incentive Scheme for 2021” of the Company and the “Resolution in relation to the Grant of Restricted Shares to Participants of the 2021 Restricted A Share Incentive Scheme” were considered and approved. The independent Directors agreed with both aforementioned resolutions.

(II) Explanation from the Board on Compliance with the Conditions of Grant

In accordance with the laws and regulations of the Management Measures for Share Incentives of Listed Companies (the “**Management Measures**”) of the CSRC and the relevant requirements of the Incentive Scheme, the Board of the Company is of the view that the conditions of grant under the Incentive Scheme have been fulfilled and has determined the Grant Date of the Incentive Scheme to be 27 January 2022. The specific circumstances in which the conditions of grant have been fulfilled are as follows:

1. There is no occurrence of any of the following events on the part of the Company:
 - (1) issue of an auditors’ report with adverse opinion or which indicates an inability to give opinion by a certified public accountant in respect of the financial report of the Company for its most recent accounting year;
 - (2) issue of an auditors’ report with adverse opinion or which indicates an inability to give opinion by a certified public accountant in respect of the internal control of the financial report of the Company for its most recent accounting year;
 - (3) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the 36 months after listing;
 - (4) prohibition from implementation of a share incentive plan by laws and regulations;
 - (5) any other circumstances as determined by the CSRC.
2. There is no occurrence of any of the following events on the part of the Participants:
 - (1) being subject to any identification as an ineligible personnel by a stock exchange in the last 12 months;
 - (2) being subject to any identification as an ineligible personnel by the CSRC and its resident agencies in the last 12 months;
 - (3) imposition of administrative penalties or measures prohibiting the Participants from entering into the market by the CSRC and its resident agencies in the last 12 months due to material breach of laws and regulations;
 - (4) circumstances under which the Participant is prohibited from acting as a director or a member of the senior management of a company under the Company Law;
 - (5) circumstances under which the Participant is not allowed by the laws and regulations to participate in any share incentive plan of a listed company;
 - (6) any other circumstances as determined by the CSRC.

3. The Company achieves the performance target if all of the following conditions are satisfied:
 - (1) The net profit attributable to the shareholders of the listed company after deducting non-recurring gains and losses of the Company in 2020 shall not be less than RMB6.5 billion, and the growth rate shall not be lower than the average level of the same industry compared with 2019;
 - (2) The earnings per share after deducting non-recurring gains and losses of the Company in 2020 shall be no less than RMB1.3 per share, and shall be not less than the average level of the same industry.

After careful verification, the Board considers that the conditions of grant under the Incentive Scheme have been fulfilled, and agrees to grant 62,340,000 Restricted Shares to 1,256 Participants who meet the conditions of grant.

(III) Details of Entitlements Grant

1. Grant Date: 27 January 2022
2. Grant number: 62,340,000 shares
3. Number of granted people: 1,256
4. Grant price: RMB11.72 per share
5. The source of granted shares: The ordinary A shares to be issued by the Company to the Participants
6. Validity period of the Incentive Scheme and lock-up periods and unlocking arrangements:
 - (1) The validity period of the Incentive Scheme is from the date of registration of the Grant of the Restricted Shares to the date when all the Restricted Shares which have been granted to the Participants are unlocked or repurchased and cancelled, and shall not exceed 60 months in any event.

- (2) The Lock-up Periods of the Incentive Scheme shall be 24 months, 36 months and 48 months from the date of completion of registration of the grant of the Restricted Shares. The Restricted Shares granted to the Participants under the Incentive Scheme shall not be transferred, pledged or used for repayment of debt during the Lock-up Period.
- (3) The Unlocking Periods of the Restricted Shares to be granted under Incentive Scheme and arrangements for each Unlocking Period are set out in the table below:

Unlocking arrangements	Unlocking Periods	Proportion of Restricted Shares to be unlocked
First Unlocking Period	Commencing from the first trading day upon the expiry of 24 months from the date of the completion of registration of the Restricted Shares to the last trading day upon the expiry of 36 months from the date of the completion of registration of the Restricted Shares	33%
Second Unlocking Period	Commencing from the first trading day upon the expiry of 36 months from the date of the completion of registration of the Restricted Shares to the last trading day upon the expiry of 48 months from the date of the completion of registration of the Restricted Shares	33%
Third Unlocking Period	Commencing from the first trading day upon the expiry of 48 months from the date of the completion of registration of the Restricted Shares to the last trading day upon the expiry of 60 months from the date of the completion of registration of the Restricted Shares	34%

If the Company's performance assessment targets for a particular Unlocking Period of the Restricted Shares are not met, all the Restricted Shares of the Participants for that period shall not be unlocked and shall be repurchased by the Company for cancellation. The repurchase price shall not be higher than the lower of the Grant Price and the market price of the Shares (being the average trading price of the Company's underlying Shares on one trading day preceding the date of the Board considering the repurchase).

7. List of the Participants and Details of the Grant

The total number of Participants under the Incentive Scheme are 1,256, including Directors (excluding external Directors), senior management, middle-level management and key personnel. Particulars of allocation are set out in the table below:

Name	Position	Total number of the Restricted Shares to be granted (10,000 Shares)	Proportion of the Restricted Shares to be granted to the total number of the Restricted Shares	Proportion of the Restricted Shares to the total share capital
Xiao Yaomeng	Secretary to the party committee of the Company, director and general manager	20	0.32%	0.004%
Wang Ruolin	Deputy secretary to the Party Committee, chairman of the Labour Union and employee director	16	0.26%	0.003%
Gong Zhijie	Deputy general manager	16	0.26%	0.003%
Zhang Yanwei	Deputy general manager	16	0.26%	0.003%
Zhao Qingchun	Director and chief financial officer	16	0.26%	0.003%
Zhang Chuanchang	Deputy general manager	16	0.26%	0.003%
Tian Zhaohua	Deputy general manager	16	0.26%	0.003%
Liu Qiang	Deputy general manager	16	0.26%	0.003%
Li Weiqing	Deputy general manager	16	0.26%	0.003%
Huang Xiaolong	Director and secretary to the Board	16	0.26%	0.003%
Total of the above Directors and senior management (10 persons)		164	2.63%	0.034%
Total of other Participants (1,246 persons)		6,070	97.37%	1.25%
Total		6,234	100.00%	1.28%

Note: Any difference between the figures shown as totals and the sum of the corresponding figures above results from the rounding of the above data.

II. EXPLANATION OF THE DIFFERENCES BETWEEN THE LIST OF PARTICIPANTS OF THE GRANT AND THE NUMBER OF RESTRICTED SHARES GRANTED AND THE INCENTIVE SCHEME CONSIDERED AND APPROVED AT THE GENERAL MEETING

In the Incentive Scheme: 11 Participants voluntarily gave up all the Restricted Shares to be granted due to their personal reasons; 1 Participant lost the eligibility to participate in the Incentive Scheme due to the change of job position, and the total number of Restricted Shares to be granted was reduced by 640,000 shares. In accordance with the relevant authorizations at the 2022 first extraordinary general meeting, the 2022 first class meeting of the holders of A shares and the 2022 first class meeting of the holders of H shares of the Company, the Board of the Company adjusted the number of Participants and the number of Restricted Shares to be granted. After the adjustment, the number of Participants under the Incentive Scheme was adjusted from 1,268 to 1,256 and the number of Restricted Shares to be granted was adjusted from 62,980,000 shares to 62,340,000 shares.

Save for the above, there is no difference between the grant and the disclosed Incentive Scheme of the Company. The Supervisory Committee of the Company has verified the adjusted list of Participants and the independent directors of the Company have expressed their opinion on consent in this regard. The adjustment is within the scope of the authorization of the General Meetings and is not required to be submitted to the General Meeting again for consideration and the adjustment procedures are legal and in compliance.

III. INFLUENCE ON THE FINANCIAL POSITION OF THE COMPANY FOLLOWING THE GRANT OF EQUITY INTERESTS

In accordance with the relevant requirements of the accounting standards, the Company recognized the fair value of the Restricted Shares on the Grant Date, and subsequently recognized the share-based expenses of the Incentive Scheme. Such expenses will be recognized in installments over the course of the implementation of the Scheme in proportion to unlocking. The measured total incentive cost arising from the Incentive Scheme is RMB797.952 million and the amortization of the cost of the Restricted Shares from 2022 to 2025 is as follows:

Number of Restricted Shares to be granted (0'000 shares)	Total amortization expense (RMB0'000)	2022 (RMB0'000)	2023 (RMB0'000)	2024 (RMB0'000)	2025 (RMB0'000)	2026 (RMB0'000)
6,234	79,795.20	26,332.42	28,726.27	16,657.25	7,514.05	565.22

The final result of the impact of the implementation of the Incentive Scheme on the financial position of the Company shall be subject to the annual audited report issued by the accounting firm.

IV. VERIFICATION OF THE LIST OF PARTICIPANTS BY THE SUPERVISORY COMMITTEE

The proposed Participants to be included in the Incentive Scheme meet the conditions of the Participant as stipulated in the Management Measures and other laws and regulations and the Articles of Association, and meet the scope of the Participants as stipulated in this Incentive Scheme, and their eligibility to be the Participants under this Incentive Scheme is legal and valid.

V. SUMMARY OF THE LEGAL OPINIONS

According to the legal opinions issued by AllBright Law Offices regarding the grant in relation to the Incentive Scheme of the Company, as of the date of the legal opinions, the grant have obtained the necessary approvals and authorizations at the current stage; the determined Grant Date and Participants are in compliance with the relevant requirements under the Management Measures and the Incentive Scheme; conditions of the grant have been fulfilled, and the implementation of the grant is in compliance with the relevant requirements under the Management Measures and the Incentive Scheme; and the grant is pending the fulfilments of information disclosure obligations and the completion of the relevant Restricted Shares registration formalities in accordance with laws.

This announcement is written in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.

Investors and shareholders are advised by the Board of the Company to exercise caution when dealing in the securities of the Company.

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

Zoucheng, Shandong Province, the PRC
27 January 2022

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

** For identification purpose only*