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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF
45% EQUITY INTEREST IN WUBO TECHNOLOGY BY WAY OF
CAPITAL INCREASE;
AND
VOTING RIGHTS ENTRUSTMENT**

The Board is pleased to announce that on 31 May 2024, (i) the Company entered into the Capital Increase Agreement and its appendices with Wubo Technology, Fujian Dongju and Dongming Industry; and (ii) the Company entered into the Voting Rights Entrustment Agreement (which is one of the appendices to the Capital Increase Agreement) with Wubo Technology, Fujian Dongju and the Entrusting Shareholders.

THE TRANSACTION

Pursuant to the Capital Increase Agreement, the Company intends to contribute RMB1,554,545,455 in cash with its own funds to subscribe for additional registered capital of RMB448,768,004 in Wubo Technology, in order to acquire 45.00% equity interest in Wubo Technology upon the completion of the Transaction.

VOTING RIGHTS ENTRUSTMENT

Pursuant to the Voting Rights Entrustment Agreement, the Entrusting Shareholders have unanimously agreed to grant to the Company, exclusively, unconditionally and irrevocably, all of the voting rights represented by equity interest of Wubo Technology, which they are entitled to and hold as shareholders of Wubo Technology, including all rights other than the asset earning rights, until such time as the parties agree to terminate the Voting Rights Entrustment Agreement in writing. After the Voting Rights Entrustment Agreement becomes effective, the Company will be able to exercise an aggregate of 51.32% of the voting rights of Wubo Technology. Wubo Technology will become a subsidiary of the Company and its financial statements will be consolidated into the consolidated financial statements of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

There are uncertainties as to whether and when the conditions of the Transaction, such as the effectiveness of the agreements and payment, can be fulfilled. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

1. INTRODUCTION

The Board is pleased to announce that on 31 May 2024, (i) the Company entered into the Capital Increase Agreement and its appendices with Wubo Technology, Fujian Dongju and Dongming Industry; and (ii) the Company entered into the Voting Rights Entrustment Agreement (which is one of the appendices to the Capital Increase Agreement) with Wubo Technology, Fujian Dongju and the Entrusting Shareholders.

Pursuant to the Capital Increase Agreement, the Company intends to contribute RMB1,554,545,455 in cash with its own fund to subscribe for additional registered capital of RMB448,768,004 in Wubo Technology, in order to acquire 45.00% equity interest in Wubo Technology upon the completion of the Transaction.

Pursuant to the Voting Rights Entrustment Agreement, the Entrusting Shareholders have unanimously agreed to grant to the Company, exclusively, unconditionally and irrevocably, all of the voting rights represented by the equity interest of Wubo Technology, which they are entitled to and hold as shareholders of Wubo Technology, including all rights other than the asset earning rights, until such time as the parties agree to terminate the Voting Rights Entrustment Agreement in writing. After the Voting Rights Entrustment Agreement becomes effective, the Company will be able to exercise an aggregate of 51.32% of the voting rights of Wubo Technology. Wubo Technology will become a subsidiary of the Company and its financial statements will be consolidated into the consolidated financial statements of the Company.

2. OVERVIEW OF THE TRANSACTION

The Company entered into the Capital Increase Agreement and its appendices with Wubo Technology, Fujian Dongju and Dongming Industry, the principal terms of which are as follows:

1. Date

31 May 2024

2. Parties

The Company (as the investor);

Wubo Technology (as the target company);

Fujian Dongju (as the representative of the Original Shareholders); and

Dongming Industry (as the controlling shareholder of the representative of the Original Shareholders).

In order to facilitate the signing of the Capital Increase Agreement, all other Original Shareholders of Wubo Technology will sign the Letter of Entrustment and Commitment to jointly entrust Fujian Dongju to participate in the negotiations in relation to the Transaction on their behalf, to sign, among others, the Capital Increase Agreement and its appendices, and to acknowledge all contents and the validity of such documents.

3. Consideration for Capital Increase and the Basis of Determination

According to the Asset Appraisal Report (Huaya Zhengxin Ping Bao Zi(2024) No. A11-0002) issued by Huaya Zhengxin, as at the Valuation Benchmark Date, the book value of the net assets of the parent company of Wubo Technology was RMB1,218 million, and the appraised value using the income approach was RMB1,926 million, representing an appreciation rate of 58.09%, i.e. the appraised value per RMB1.00 registered capital of Wubo Technology was approximately RMB3.51. The valuation result will be valid for one year from the Valuation Benchmark Date.

As confirmed by the parties to the Capital Increase Agreement, the transaction consideration was determined at RMB1.9 billion on the basis of Wubo Technology's overall valuation, which is RMB26 million lower than the appraised value. Accordingly, the capital increase price per RMB1.00 registered capital was determined at approximately RMB3.46.

Based on the above valuation and pricing, the Company intends to make a cash contribution of RMB1,554,545,455 to acquire 45.00% equity interest in Wubo Technology after the Transaction. Among them, RMB448,768,004 will be included in the registered capital of Wubo Technology, and RMB1,105,777,451 will be included in the capital reserve of Wubo Technology.

As at the Valuation Benchmark Date, the book value of the net assets of the parent company of Wubo Technology was RMB1,218 million, and the entire shareholders' equity using the above income approach was RMB1,926 million, the appraised value representing an appreciation of RMB708 million, with a corresponding appreciation rate of 58.09%. The main reasons for the appreciation of the income approach valuation result over the book value is that: on one hand, the book value of the net assets of the parent company of Wubo Technology is only a reflection of the historical cost and the historical operation of the relevant assets in accordance with the accounting standards, without adequately reflecting the factors such as preferential policies, its operating qualification, industry competitiveness, management level, human resources, and the synergy; while on the other hand, the income approach is a method to determine the value of Wubo Technology based on its future profitability, which reflects the consolidated profitability of Wubo Technology's assets. The income approach takes into account not only the current operating conditions of Wubo Technology, but also the good industry prospects and the expectation of Wubo Technology's future development potential.

4. Changes in the Shareholding Ratios of the Shareholders of Wubo Technology

The shareholding structures of Wubo Technology before and after the Transaction are as follows:

Unit: RMB0'000

Name of Shareholders	Before the Transaction		After the Transaction		Upon completion of the Transaction and the Voting Rights Entrustment
	Paid-in registered capital	Shareholding ratio	Paid-in registered capital	Shareholding ratio	Percentage of voting rights
The Company	–	–	44,876.8004	45.00%	51.32%
Fujian Dongju	15,000	27.35%	15,000	15.04%	15.04%
Fujian Dongsha Investment Center (Limited Partnership)	600	1.09%	600	0.60%	0.60%
Fujian Dongtou Investment Center (Limited Partnership)	158.81	0.29%	158.81	0.16%	0.16%
Fujian Dongpu Investment Center (Limited Partnership)	9,600	17.50%	9,600	9.63%	9.63%
Fujian Dongwo Investment Center (Limited Partnership)	3,300	6.02%	3,300	3.31%	0.00%
Fujian Dongbo Investment Center (Limited Partnership)	3,300	6.02%	3,300	3.31%	3.31%
Fujian Dongxi Investment Center (Limited Partnership)	5,000	9.12%	5,000	5.01%	5.01%
Fujian Dongda Investment Center (Limited Partnership)	510	0.93%	510	0.51%	0.51%

Name of Shareholders	Before the Transaction		After the Transaction		Upon completion of the Transaction and the Voting Rights Entrustment
	registered capital	Shareholding ratio	registered capital	Shareholding ratio	Percentage of voting rights
Fujian Dongzhen Investment Center (Limited Partnership)	8,700	15.86%	8,700	8.72%	8.72%
Fujian Dongtan Investment Center (Limited Partnership)	1,600	2.92%	1,600	1.60%	1.60%
Jingdian (Fujian) International Trade Co., Ltd.	259,2471	0.47%	259,2471	0.26%	0.26%
Fujian Dongchuang Investment Center (Limited Partnership)	3,000	5.47%	3000	3.01%	0.00%
Tianjin Haihe Yunbo Industry Investment Fund Partnership (Limited Partnership)	1,487.8125	2.71%	1,487.8125	1.49%	1.49%
Qianhai Equity Investment Fund (Limited Partnership)	1,487.8125	2.71%	1,487.8125	1.49%	1.49%
CITIC Securities Investment Limited	845.7406	1.54%	845.7406	0.85%	0.85%
Total	<u>54,849.4227</u>	<u>100.00%</u>	<u>99,726.2231</u>	<u>100.00%</u>	<u>100.00%</u>

Note: Prior to the Transaction, Fujian Dongju directly and indirectly held 87.09% equity interests in Wubo Technology in aggregate by itself and through its limited partnerships as managing partners (i.e. Fujian Dongsha Investment Center (Limited Partnership), Fujian Dongtong Investment Center (Limited Partnership), Fujian Dongpu Investment Center (Limited Partnership), Fujian Dongwo Investment Center (Limited Partnership), Fujian Dongbo Investment Center (Limited Partnership), Fujian Dongxi Investment Center (Limited Partnership), Fujian Dongda Investment Center (Limited Partnership), Fujian Dongzhen Investment Center (Limited Partnership) and Fujian Dongtan Investment Center (Limited Partnership)); After the Transaction, Fujian Dongju by itself and through the aforesaid limited partnerships as managing partners, held 47.90% of the equity interest in Wubo Technology in aggregate and will be effectively entitled to 44.59% of the voting rights of Wubo Technology upon completion of the Voting Rights Entrustment.

5. Payment

Pursuant to the Capital Increase Agreement, within fifteen (15) business days from the date of execution of written confirmations by all parties upon fulfillment of all the conditions precedent to payment or from the date when the agreed conditions, though not yet fulfilled, have been waived in writing by the Company, the Company shall pay the full amount for the capital increase consideration of RMB1,554,545,455 into the bank account of Wubo Technology as set out in the Capital Increase Agreement. The main conditions precedent to payment are:

- (1) Wubo Technology have fully recovered the loan in the principal amount of RMB90,000,000 and the accrued interest from the non-related parties before 31 August 2023, and there has been no new external borrowings up to the date of payment of the consideration for the capital increase, and no new provision of loans, funds, donations, gifts or any form of financial assistance to entities

other than its wholly-owned subsidiaries and the controlling subsidiaries. The corresponding loan agreements between Wubo Technology and the non-related parties have been terminated in writing without liability and the originals of the Termination Agreements recognised by the Company have been submitted to the Company;

- (2) Fujian Dongkai Investment Center (Limited Partnership) has transferred its 1% equity interest in MySteelsoft to Wubo Technology, which enables Wubo Technology to actually hold 51% equity interest in MySteelsoft and to actually control MySteelsoft by way of the consolidation of financial statements;
- (3) The State Administration for Market Regulation has issued a decision approving the centralized antitrust review on the operators of the Transaction;
- (4) Wubo Technology has signed labour contracts for a term of not less than five (5) years (from the signing date of the Capital Increase Agreement) as agreed by the Company, confidentiality agreements and non-competition agreements with its senior management officers and core technical employees, and has signed confidentiality agreements and non-competition agreements with the Original Shareholders and Dongming Industry as agreed by the Company.

6. Transitional Arrangements

Transitional period refers to the period from the Valuation Benchmark Date to the date of registration change of the Transaction. The earnings generated by Wubo Technology during the transitional period, or the gains in the net assets for other reasons, shall be enjoyed by the shareholders of Wubo Technology in proportion to their shareholdings upon the completion of the Transaction. Losses incurred during the transitional period, or the losses in the net assets for other reasons, shall be made up to the Company jointly and severally in cash by the Undertaking Shareholders of Wubo Technology in proportion to their shareholdings in Wubo Technology.

7. Performance Compensation and Commitment

Pursuant to the Capital Increase Agreement, the Undertaking Shareholders and Dongming Industry undertake that Wubo Technology shall achieve the following operating results.

- (1) Wubo Technology's audited net profit attributable to the parent after deducting non-recurring gains and losses for each year from 2024 to 2028 ("net profit attributable to the parent after deducting non-recurring gains and losses") shall not be less than RMB98,753,700, RMB109,314,100, RMB115,851,000, RMB126,809,900 and RMB139,091,000, respectively.
- (2) In the event that Wubo Technology fails to achieve the aforesaid guaranteed performance as at the end of any accumulative assessment year, the Company is entitled to require that any of the Undertaking Shareholders and/or Dongming Industry shall be separately or severally, or jointly liable for the compensation to the Company in cash in accordance with the Capital Increase Agreement.

- (3) Compensation formula: Target compensation amount in respect of net profit attributable to the parent after deducting non-recurring gains and losses for the period = (cumulative guaranteed net profit attributable to the parent after deducting non-recurring gains and losses as at the end of the period – cumulative actual net profit attributable to the parent after deducting non-recurring gains and losses as at the end of the period) ÷ total guaranteed net profit attributable to the parent after deducting non-recurring gains and losses for each year of the performance commitment period × the consideration for capital increase for the Transaction – cumulative compensated amount.
- (4) Way of compensation: Cash compensation to the Company from the Undertaking Shareholders. If the Undertaking Shareholders are required to pay cash compensation to the Company as agreed, firstly the dividend that shall be paid from the accumulated undistributed profit according to the shareholding ratio after the Transaction and before the Valuation Benchmark Date will be used as a source of the cash compensation, and Dongming Industry will be severally liable for the payment obligation of the Undertaking Shareholders for such cash compensation for a period of three years from the date of the occurrence of the payment obligation. Wubo Technology and the Undertaking Shareholders shall jointly urge the shareholders' general meeting of Wubo Technology to make a resolution as soon as possible on the distribution of the accumulated undistributed profit prior to the Valuation Benchmark Date, and the profit to be distributed to the Undertaking Shareholders shall be paid directly to the Company as cash compensation.
- (5) Audit institution selection. The actual net profit achieved by Wubo Technology shall be audited by an accounting firm that has been registered to engage in securities services business. The accounting firm shall be jointly appointed by the Company and Wubo Technology.

8. Entry into Force of the Agreement

The Capital Increase Agreement shall be established upon signing and sealing by the authorized representatives of the parties. The principal conditions precedent to the Capital Increase Agreement are as follows:

- (1) Fujian Dongju has signed the Letter of Entrustment and Commitment with all other Original Shareholders of Wubo Technology, pursuant to which all other Original Shareholders of Wubo Technology jointly entrust Fujian Dongju to participate in the negotiations in relation to the Transaction on their behalf, to sign the Capital Increase Agreement and all other agreements, undertakings, warranties, authorisations, statements and other documents in relation to the Transaction on their behalf and to acknowledge all contents and the validity of such documents. The original of the Letter of Entrustment and Commitment has been submitted to the Company;
- (2) All of the external investors in the previous rounds have issued written statements confirming that the previous rounds of investment agreement and related documents have been terminated, that all the special shareholders' rights as agreed in all the previous rounds of investment agreements have been waived, and that they will not claim any rights against Wubo Technology pursuant to the previous rounds of investment agreement and related documents;

- (3) Provided that no additional payment obligations and liabilities are incurred, Wubo Technology has completed the liquidation and/or consolidation of the companies in which it directly or indirectly holds interests in and changed the registration of its below-second-tier wholly-owned or controlled subsidiaries to second-tier subsidiaries on the premise that its shareholding ratio and equity interest remain unchanged;
- (4) The Transaction has been approved or filed by the state-owned asset regulatory authorities;
- (5) All approvals, permits, verification, consents, filings, waivers, etc. from the relevant competent government authorities, approving organ and/or regulatory authorities necessary for the execution and performance of the Capital Increase Agreement and its appendices, including but not limited to the approvals issued by the relevant approving organ in connection with the transactions under the Capital Increase Agreement and its appendices, have been obtained by the parties.

3. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board is of the opinion that the reasons for and benefits of the Transaction are as follows:

1. It will accelerate the development of the intelligent logistics industry. Social transport capacity and freight sources will be concentrated in high-quality internet-based freight platforms, which will be a trend of bulk commodity logistics and even the whole freight logistics industry. Wubo Technology has rich digital platform-related iterative development capabilities. Through the acquisition of Wubo Technology, the Company will obtain mature internet-based freight platform business, extend the Company's "physical logistics + platform" development model, and improve the "production-sales-storage-distribution" logistics system. This will enhance the Company's competitive strength and development speed in the smart logistics industry;
2. This will be also able to create strong industry synergy with the Company. The Company has a lot of bulk commodity transportation demand and bulk commodity owner resources, while Wubo Technology has mature bulk commodity logistics and transportation experience and quality service capabilities. Through the Transaction, Wubo Technology can bring overall improvement to the supply chain efficiency of the Company and its upstream and downstream partners, and the Company can help Wubo Technology accumulate high-quality bulk commodity customer resources, so that the two can mutually empower each other and see synergistic development; and
3. It will accelerate the digital transformation of the intelligent logistics industry. Wubo Technology has an industry-leading management team with in-depth understanding and rich experience in the deep integration of Internet, Internet of Things and the logistics industry. Through the Transaction, the Company will be integrated into the management, technology and operation teams of Wubo Technology, which will help enhance the overall digitalization level of the intelligent logistics business of the Company and accelerate the digital transformation of the intelligent logistics industry.

The Directors (including the independent non-executive Directors) are of the opinion that the Transaction is entered into on normal commercial terms and is fair and reasonable and in the interests of the Company and all Shareholders as a whole.

4. LISTING RULES IMPLICATIONS

DISCLOSEABLE TRANSACTION

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

Profit Forecast

As the consideration for the Transaction was determined by reference to, among other things, the value of the entire shareholders' equity of Wubo Technology as at 31 August 2023 as set out in the Appraisal Report, which was prepared by the Independent Appraiser based on the discounted cash flow method 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, details of the principal assumptions, including commercial assumptions, upon which the Appraisal Report was prepared by the Independent Appraiser, are as follows:

General Assumptions

1. Transaction assumption: It is assumed that all assets to be appraised are already in the course of transaction and the asset appraiser conducts valuation based on a simulated market based on the transaction conditions of the assets to be appraised;
2. Open market assumption: It is assumed that assets can be traded freely in a fully competitive market, and their prices depend on the value judgment of independent buyers and sellers under the supply situation of a certain market. An open market is a fully competitive market with many buyers and sellers. In such market, buyers and sellers are in equal position and have opportunities and time to obtain sufficient market information. Transactions of both parties are conducted on voluntary, rational, non-mandatory or unrestricted conditions;
3. It is assumed that there are no material changes in the relevant prevailing laws, regulations and policies, and the macroeconomic situation of the country, and that there are no material changes in the political, economic and social environment of the regions where the parties to the Transaction are located;
4. It is assumed that the business continues as a going concern in view of the actual status of assets as at the Valuation Benchmark Date;
5. It is assumed that there are no substantial changes in such indicators as tax bases, tax rates and policy-based levies related to the appraised entity after the Valuation Benchmark Date;
6. It is assumed that the management of the appraised entity after the Valuation Benchmark Date is responsible, stable and capable of performing their duties;

7. It is assumed that the appraised entity fully complies with all relevant laws and regulations;
8. It is assumed that there will be no force majeure and unforeseeable factors having a material adverse impact on the appraised entity after the Valuation Benchmark Date.

Special Assumptions

1. It is assumed that the process of purchasing and acquiring the assets involved in the subject of the appraisal complies with relevant national laws and regulations;
2. It is assumed that the assets involved in the subject of the appraisal are free from material defects, liabilities and restrictions incidental to their value;
3. It is assumed that there are no factors that have a material adverse effect on the value of the underlying assets involved in the subject of the appraisal;
4. The appraisal is based on the fact that the future operation and management team of the appraised entity will perform their duties diligently and maintain the existing operation and management model. The operation activities and services provided by the appraised entity are in compliance with the national industrial policies, the operation activities are legal, and there will not be any material changes in the foreseeable future;
5. It is assumed that the appraised entity will continuously enjoy the current various government subsidies after their expiry;
6. It is assumed that the cash inflows and cash outflows of the appraised entity after the Valuation Benchmark Date are average;
7. It is assumed that the appraised entity obtains or renew the qualifications related to operations on a sustainable basis.

Confirmation of Profit Forecast

The Company's reporting accountant, SHINEWING (HK) CPA Limited, has reviewed the calculations for the profit forecasts of Wubo Technology set out in the Appraisal Report. The Board confirms that the profit forecast for Wubo Technology as set out in the Appraisal Report was made after proper and careful enquiry by the Board.

The full text of the report from SHINEWING (HK) CPA Limited and the letter issued by the Board, both dated 31 May 2024, are set out in Appendix I and Appendix II to this announcement, respectively.

The qualifications of the expert who has given conclusions or opinions in this announcement are as follows:

Name	Qualification
SHINEWING (HK) CPA Limited	Certified public accountant

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, SHINEWING (HK) CPA Limited is a third party independent of the Group and its connected person(s).

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

SHINEWING (HK) CPA Limited has given and has not withdrawn its consent to the publication of this announcement with the inclusion of its name, letters, statements and all references to its name (including its qualifications) in the form and context in which it appears.

5. INFORMATION ON EACH OF THE PARTIES

The Company

The Company is principally engaged in mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing and intelligent 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 injection and chemical products such as methanol and acetic acid.

Wubo Technology

Basic Information

Founded in April 2018, Wubo Technology is a company incorporated in the PRC with limited liability. Wubo Technology is principally engaged in IoT technology services; network and information security software development; non-vessel operating common carry business; international freight forwarding; supply chain management services; data processing and storage support services; road freight transportation (internet-based freight transportation); type I value-added telecommunications business; type II value-added telecommunications business, etc.

Financial Information

The following table sets forth the consolidated financial information of Wubo Technology for the last two financial years ended 31 December 2023, prepared in accordance with China Accounting Standards for Business Enterprises:

Unit: RMB0'000

	For the financial year ended	
	31 December	
	2023	2022
	<i>(Unaudited)</i>	<i>(Audited)</i>
Net profit before tax	10,468.15	10,805.27
Net profit after tax	8,707.38	8,118.44

As at 31 December 2023, the unaudited total assets of Wubo Technology amounted to RMB3,677,555,100.

Fujian Dongju

Founded in April 2018, Fujian Dongju is a company incorporated in the PRC with limited liability. As at the date of this announcement, Fujian Dongju directly and indirectly held 87.09% equity interest in Wubo Technology. Fujian Dongju is principally engaged in information system integration services; data processing and storage services; international freight forwarding; technology development, technology consulting, technology service and technology transfer in the computer professional technology field; supply chain management; warehousing, loading, unloading and handling services (excluding hazardous chemicals).

Dongming Industry

Founded in February 2018, Dongming Industry is a company incorporated in the PRC with limited liability. As at the date of this announcement, Dongming Industry directly held 98.67% equity interest in Fujian Dongju. Dongming Industry is principally engaged in international freight forwarding; supply chain management; warehousing, loading and unloading services (except for hazardous goods and special requirements); the import and export of goods and technology; sales of construction materials, metal materials, metal products, iron ore products, coal, coke and steel.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Wubo Technology, Fujian Dongju and Dongming Industry and their respective ultimate beneficial owners are third parties independent of the Group and its connected person(s).

6. VOTING RIGHTS ENTRUSTMENT

On 31 May 2024, the Company entered into the Voting Rights Entrustment Agreement with Wubo Technology, Fujian Dongju and the Entrusting Shareholders. Pursuant to the Voting Rights Entrustment Agreement, the Entrusting Shareholders have unanimously agreed to grant to the Company, exclusively, unconditionally and irrevocably, all of the voting rights (i.e., the voting rights attached to the contributions of RMB33,000,000 (representing 3.31% of the total equity interest of Wubo Technology) and RMB30,000,000 (representing 3.01% of the total equity interest of Wubo Technology) of Wubo Technology held by Fujian Dongwo Investment Center (Limited Partnership), and Fujian Dongchuang Investment Center (Limited Partnership), respectively) represented by Wubo Technology, which they are entitled to and hold as shareholders of Wubo Technology, including all rights other than the asset earning rights, until such time as the parties agree to terminate the Voting Rights Entrustment Agreement in writing.

After the Voting Rights Entrustment Agreement becomes effective, the Company will be able to exercise an aggregate of 51.32% of the voting rights of Wubo Technology. Wubo Technology will become a subsidiary of the Company and its financial statements will be consolidated into the consolidated financial statements of the Company.

The term of the exercise for the entrusted voting rights as stated in the Voting Rights Entrustment Agreement shall commence on the effective date of the Voting Rights Entrustment Agreement and end on the date on which the parties agree to terminate the Voting Rights Entrustment Agreement in writing.

There are uncertainties as to whether and when the conditions of the Transaction, such as the effectiveness of the agreements and payment, can be fulfilled. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

7. DEFINITIONS

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

“Appraisal Report”	Asset Appraisal Report (Huaya Zhengxin Ping Bao Zi(2024)No. A11-0002) issued by Huaya Zhengxin on the value of the entire shareholders’ equity of Wubo Technology involved in the Transaction
“Board”	the board of directors of the Company
“Capital Increase Agreement”	a capital increase agreement entered into between the Company and Wubo Technology, Fujian Dongju and Dongming Industry on 31 May 2024, in relation to the Company’s acquisition of 45% equity interest in Wubo Technology by way of capital increase
“Company”	Yankuang Energy Group Company Limited, 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
“Director(s)”	the director(s) of the Company
“Dongming Industry”	Dongming Industry Group Co., Ltd., a company incorporated in the PRC with limited liability
“Entrusting Shareholders”	Fujian Dongwo Investment Center (Limited Partnership) and Fujian Dongchuang Investment Center (Limited Partnership)
“external investors in the previous rounds”	Tianjin Haihe Yunbo Industry Investment Fund Partnership (Limited Partnership), Qianhai Equity Investment Fund (Limited Partnership) and CITIC Securities Investment Limited
“Fujian Dongju”	Fujian Dongju Technology Co., Ltd., a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Huaya Zhengxin”	Beijing Huaya Zhengxin Asset Appraisal Co., Ltd.
“Independent Appraiser”	Huaya Zhengxin, an independent appraiser in the PRC

“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MySteelsoft”	MySteelsoft Information and Technology Engineering Co., Ltd., a company incorporated in the PRC with limited liability, which was held as to 51% by Wubo Technology as at the date of this announcement
“Original Shareholder(s)”	Fujian Dongju, Fujian Dongsha Investment Center (Limited Partnership), Fujian Dongtou Investment Center (Limited Partnership), Fujian Dongpu Investment Center (Limited Partnership), Fujian Dongwo Investment Center (Limited Partnership), Fujian Dongbo Investment Center (Limited Partnership), Fujian Dongxi Investment Center (Limited Partnership), Fujian Dongda Investment Center (Limited Partnership), Fujian Dongzhen Investment Center (Limited Partnership), Fujian Dongtan Investment Center (Limited Partnership), Fujian Dongchuang Investment Center (Limited Partnership), Jingdian (Fujian) International Trade Co., Ltd., Tianjin Haihe Yunbo Industry Investment Fund Partnership (Limited Partnership), Qianhai Equity Investment Fund (Limited Partnership) and CITIC Securities Investment Limited
“Percentage”	has the meaning ascribed to it under the Listing Rules
“PRC” or “China”	the People’s Republic of China (for the purpose of this announcement only, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan)
“Related Party(ies)”	related party(ies) as defined under the requirements of Accounting Standards for Business Enterprises No. 36 – Related Party Disclosures (Cai Kuai (2006) No.3)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Transaction”	pursuant to the Capital Increase Agreement, the Company intends to contribute RMB1,554,545,455 in cash with its own funds to subscribe for additional registered capital of RMB448,768,004 in Wubo Technology, in order to acquire 45.00% equity interest in Wubo Technology upon the completion of the Transaction

“Undertaking Shareholders”	Original Shareholders other than external investors in the previous rounds
“Valuation Benchmark Date”	31 August 2023
“Voting Rights Entrustment Agreement”	a voting rights entrustment agreement entered into between the Company and Wubo Technology, Fujian Dongju and the Entrusting Shareholders on 31 May 2024, in relation to the Voting Rights Entrustment
“Voting Rights Entrustment”	the Entrusting Shareholders grant to the Company, exclusively, unconditionally and irrevocably, all of the voting rights represented by equity interest of Wubo Technology, which they are entitled to and hold as shareholders of Wubo Technology, including all rights other than the asset earning rights, until such time as the parties agree to terminate the Voting Rights Entrustment Agreement in writing
“Wubo Technology”	Wubo Technology Co., Ltd., a company incorporated in the PRC with limited liability
“%”	Percent

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

Zoucheng, Shandong Province, China
31 May 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 purposes only*

APPENDIX I – LETTER FROM SHINEWING (HK) CPA LIMITED

The following is the text of a report from the Company’s reporting accountants, SHINEWING (HK) CPA Limited (certified public accountant), for inclusion in this announcement.

The Board of Directors
Yankuang Energy Group Company Limited
949 Fushan South Road,
Zoucheng City,
Shandong Province, PRC

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the calculations of the underlying profit forecast (the “Underlying Forecast”) to the business valuation dated 22 March 2024 prepared by 北京華亞正信資產評估有限公司 (the “Valuer”) in respect of the valuation on Wubo Technology Co., Ltd (the “Target Company”) in connection with the acquisition of 45% equity in the Target Company by the Company via capital increase as set out in the announcement of the Company dated 31 May 2024 (the “Announcement”).

Directors’ Responsibilities

The directors of the Company and the Target Company (the “Directors”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Company based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “Assumptions”) that include hypothetical assumptions about future events and management’s actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

Our Independence and Quality Management

We have complied with the independence and other ethical requirement 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 behavior.

The 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.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. The Underlying Forecast does not involve adoption of accounting policies.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) (“HKSAE 3000 (Revised)”) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. We examined the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, so far as the calculations are concerned, the Underlying Forecast has been properly compiled, in all material aspects, in accordance with the Assumptions adopted by the Directors as set out in the Announcement.

Yours faithfully,

SHINEWING (HK) CPA Limited

Certified Public Accountants

Pang Wai Hang

Practising Certificate Number: P05044

Hong Kong

* *English name for identification purpose only*

APPENDIX II – LETTER FROM THE BOARD

The following is the full text of the letter prepared by the Board for inclusion in this announcement.

31 May 2024

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

Dear Sir/Madam:

ACQUISITION OF 45% EQUITY INTEREST IN WUBO TECHNOLOGY CO., LTD. BY WAY OF CAPITAL INCREASE

Reference is made to the announcement of the Company dated 31 May 2024 (the “**Announcement**”). Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Announcement.

Reference is made to the appraisal report (the “**Appraisal Report**”) on the value (the “**Valuation**”) of the entire shareholders’ equity of Wubo Technology prepared by Beijing Huaya Zhengxin Asset Appraisal Co., Ltd., an independent appraiser (the “**Independent Appraiser**”). The Valuation, prepared based on the discounted cash flow method, is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

The Board has discussed with the Independent Appraiser and reviewed the assumptions on which the Appraisal Report was prepared. The Board has also engaged SHINEWING (HK) CPA Limited to issue a report on the calculations of the profit forecast used in the Appraisal Report and has considered the report of SHINEWING (HK) CPA Limited.

Based on the above, the Board confirms that the profit forecast as set out in the Appraisal Report has been made after due and careful enquiry.

Yours sincerely,
On behalf of the Board
Yankuang Energy Group Company Limited
Li Wei
Chairman