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中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01088)

**(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION
RELATING TO THE ACQUISITION OF TARGET ASSETS AND
THE ISSUANCE OF CONSIDERATION SHARES
AND
(2) PROPOSED ISSUANCE OF A SHARES
TO RAISE SUPPORTING FUNDS**

MAJOR TRANSACTION AND CONNECTED TRANSACTION

References are made to the announcements of the Company dated 1 August 2025 and 15 August 2025 in relation to the proposed acquisition of assets by way of issuance of A Shares and payment in cash by the Company and raising supporting funds through A Share market.

On 15 August 2025, the Company entered into the Asset Purchase Agreement with China Energy and its wholly-owned subsidiary, Western Energy, pursuant to which, the Company conditionally agreed to (i) acquire 100% equity interest in Guoyuan Power, 100% equity interest in Xinjiang Energy, 100% equity interest in Chemical Company, 100% equity interest in Wuhai Energy, 100% equity interest in Pingzhuang Coal, 41% equity interest in Shenyang Coal, 49% equity interest in Jinshen Energy, 100% equity interest in Baotou Mining, 100% equity interest in Shipping Company, 100% equity interest in Coal Trading Company, 100% equity interest in E-commerce Company and 100% equity interest in Port Company held by China Energy by way of issuance of Consideration Shares and payment in cash; and (ii) acquire 100% equity interest in Inner Mongolia Construction Investment held by Western Energy by way of payment in cash.

On 19 December 2025, the Company entered into the Supplemental Asset Purchase Agreement with China Energy and Western Energy, pursuant to which (i) the Target Assets under the Transaction were revised to exclude the 100% equity interest in E-commerce Company held by China Energy, while all other Target Assets remained unchanged; and (ii) certain terms of the Transaction, including the transaction consideration and payment arrangements, were further amended and supplemented.

PROPOSED ISSUANCE OF A SHARES TO RAISE SUPPORTING FUNDS

The Company proposes to issue New A Shares to no more than 35 qualified specific investors. The total amount of supporting funds to be raised shall not exceed 100% of the consideration to be paid by way of issuance of A Shares under the Transaction and the number of New A Shares to be issued shall not exceed 30% of the total share capital of the Company upon completion of the issuance of Consideration Shares. All target subscribers shall subscribe for New A Shares to be issued under the Proposed Issuance of A Shares at the same price in cash. After review by the SSE and registration approval by the CSRC, the number of A Shares to be issued will be determined based on the results of price inquiry.

The Proposed Issuance of A Shares is conditional on the implementation of the Transaction while the Transaction is not conditional on the completion of the Proposed Issuance of A Shares.

HONG KONG LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction in accordance with the Hong Kong Listing Rules exceed 25% but are less than 100%, the Transaction constitutes a major transaction of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

As at the date of this announcement, China Energy is the controlling shareholder of the Company, and Western Energy is a wholly-owned subsidiary of China Energy and hence an associate of China Energy. Therefore, China Energy and Western Energy are connected persons of the Company. The Transaction constitutes a connected transaction of the Company under the Hong Kong Listing Rules and is subject to the report, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The completion of the Transaction will not result in a change in control of the Company and China Energy is expected to remain the controlling shareholder of the Company upon completion of the Transaction.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Hong Kong Listing Rules, the Independent Board Committee has been formed to advise the Independent Shareholders on the Transaction.

Somerley has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transaction.

EGM

An EGM will be convened by the Company to consider, and if thought fit, approve, among other matters if applicable, the resolutions contained in the notice of the EGM in relation to the Transaction and the Proposed Issuance of A Shares. The voting in relation to such resolutions will be conducted by way of poll.

A circular containing, among other things, (i) details of the Transaction and the Proposed Issuance of A Shares; (ii) a letter of advice from the Independent Board Committee on the Transaction; (iii) the letter from Somerley to the Independent Board Committees and the Independent Shareholders regarding the Transaction; and (iv) financial information of the Target Companies; (v) unaudited pro forma financial information of the Enlarged Group; (vi) a summary of the Asset Valuation Reports and the key valuation information from the summaries of the Asset Valuation Reports; (vii) certain other information required by the Hong Kong Listing Rules; and (viii) the notice of the EGM at which relevant resolutions will be proposed to consider and approve the Transaction and the Proposed Issuance of A Shares is expected to be despatched to the Shareholders on or before 14 January 2026 pursuant to the requirements under the Hong Kong Listing Rules.

MAJOR AND CONNECTED TRANSACTION

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1. Principal Terms of the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement)

Date	15 August 2025 (as supplemented by the Supplemental Asset Purchase Agreement on 19 December 2025)
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Parties	The Company (as the buyer); and China Energy and Western Energy (as the sellers).
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Transaction Structure	<p>The Company shall (i) acquire 100% equity interest in Guoyuan Power, 100% equity interest in Xinjiang Energy, 100% equity interest in Chemical Company, 100% equity interest in Wuhai Energy, 100% equity interest in Pingzhuang Coal, 41% equity interest in Shenyang Coal, 49% equity interest in Jinshen Energy, 100% equity interest in Baotou Mining, 100% equity interest in Shipping Company, 100% equity interest in Coal Trading Company and 100% equity interest in Port Company held by China Energy by way of issuance of Consideration Shares and payment in cash; and (ii) acquire 100% equity interest in Inner Mongolia Construction Investment held by Western Energy by way of payment in cash.</p>
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Except for Jinshen Energy, in which the Company will hold 49% equity interest, each of the other Target Companies will become a subsidiary of the Company upon completion of the Transaction.

**Transaction Price
and Payment Method**

The transaction price is determined based on the valuation results set out in the Asset Valuation Reports issued respectively by China Enterprise Appraisal and China United Appraisal, both of which are qualified securities appraisal institutions, in respect of the value as at the Valuation Benchmark Date of 31 July 2025, and filed by China Energy, and was agreed upon by the parties to the Transaction on the basis of such filed valuation results.

The transaction price payable by the Company to China Energy for the acquisition of 100% equity in Guoyuan Power, 100% equity in Xinjiang Energy, 100% equity in Chemical Company, 100% equity in Wuhai Energy, 100% equity in Pingzhuang Coal, 41% equity in Shenyang Coal, 49% equity in Jinshen Energy, 100% equity in Baotou Mining, 100% equity in Shipping Company, 100% equity in Coal Trading Company, and 100% equity in Port Company has been set to be satisfied by way of issuance of Consideration Shares and payment in cash. Accordingly, the Company will pay in aggregate RMB40,080 million by way of issuing shares and RMB85,791 million in cash. The Company will pay the transaction consideration of RMB7,728 million in cash for its acquisition of 100% equity in Inner Mongolia Construction Investment from Western Energy. In aggregate, 30% of the total consideration for the transaction will be settled by issuing Consideration Shares, and the remaining 70% will be settled in cash.

The allocation between settlement by Consideration Shares and cash represents a commercial judgment made after taking into account a number of factors, including the Company's share capital structure, protection of shareholders' interests, the Company's financial soundness and the overall feasibility of implementing the Transaction. The arrangement to settle approximately 30% of the consideration by way of Consideration Shares and approximately 70% in cash is primarily based on the following considerations:

Firstly, to maintain a reasonable and balanced shareholding structure of the Company and to ensure an appropriate level of shareholding concentration following the Transaction, the Company has taken into account the public float requirement, share liquidity and the balance of the corporate governance structure upon completion of the Transaction. A prudent approach to controlling the scale of share issuance helps ensure a more balanced shareholding structure and a stable level of public float, thereby facilitating orderly trading in the market and supporting sound corporate governance.

Secondly, a moderate level of share issuance mitigates potential dilution effects and is conducive to maintaining the Company's earnings per share profile after completion of the Transaction, which aligns with the overall interests of all Shareholders, including minority shareholders.

Thirdly, in determining the proportion of cash settlement, the Company has taken into consideration its funding resources with a view to ensuring that the cash consideration will not adversely affect the Company's financial position, liquidity or daily operations. The Company has sufficient funding arrangements in place and does not expect any difficulty in meeting the cash payment obligations.

Having considered the above factors in aggregate, and following arm's-length negotiations with the Counterparties, the parties agreed that approximately 30% of the consideration will be settled by way of Consideration Shares and approximately 70% in cash. The settlement structure represents an appropriate balance among shareholder interest protection, shareholding structure considerations, financial prudence and the overall feasibility of implementing the Transaction.

The appraised value of the Target Assets, the transaction price and the payment arrangements are as follows:

(Unit: RMB'000)

No.	Target Assets	Payment Method		Total Consideration
		Issuance of Shares as Consideration	Cash as Consideration	
1	100% equity interest in Guoyuan Power	14,195,709.5	30,386,283.4	44,581,992.9
2	100% equity interest in Xinjiang Energy	3,859,680.9	8,261,746.7	12,121,427.6
3	100% equity interest in Chemical Company	9,513,608.7	20,364,125.4	29,877,734.1
4	100% equity interest in Wuhai Energy	4,526,087.0	9,688,206.3	14,214,293.3
5	100% equity interest in Pingzhuang Coal	1,777,985.5	3,805,823.8	5,583,809.3
6	100% equity interest in Inner Mongolia Construction Investment	–	7,727,627.8	7,727,627.8
7	41% equity interest in Shenyang Coal	2,449,177.9	5,242,528.7	7,691,706.6
8	49% equity interest in Jinshen Energy	1,203,850.1	2,576,872.2	3,780,722.3
9	100% equity interest in Baotou Mining	1,446,449.7	3,096,163.1	4,542,612.8
10	100% equity interest in Shipping Company	681,986.6	1,459,809.9	2,141,796.5
11	100% equity interest in Coal Trading Company	274,166.2	586,859.9	861,026.1
12	100% equity interest in Port Company	150,802.3	322,796.2	473,598.5
Total		40,079,504.3	93,518,843.5	133,598,347.8

Western Energy, being the sole shareholder of Inner Mongolia Construction Investment, is a wholly-owned subsidiary of China Energy. According to China Energy's internal planning for the shareholding and management structure of its business segments, there is no plan or arrangement for Western Energy to hold any shares of the Company. Taking into account such overall governance considerations and the shareholding structure arrangements within China Energy Group, the consideration for the acquisition of Inner Mongolia Construction Investment will therefore be settled in cash rather than by way of issuance of Consideration Shares.

The appraised value of the entire equity interests of the twelve Target Companies involved in the Transaction is RMB143.675 billion. Taking into account the respective equity interest percentages in each of the Target Companies proposed to be acquired under the Transaction, the transaction price has been determined at RMB128.671 billion.

Subsequent to the Valuation Benchmark Date, China Energy made a capital contribution of RMB4.927 billion to the Chemical Company. Such post-valuation capital contribution was fully subscribed and has been paid up by China Energy. This post-valuation capital contribution was not included in the scope of appraisal nor the valuation conclusion of the relevant asset valuation report.

Accordingly, the final transaction price for the Transaction shall be the filed valuation results plus the post-valuation capital contribution amount (RMB4.927 billion). The adjusted final transaction price has therefore been determined at RMB133.598 billion.

**Attribution of Profits
and Losses for the
Transition Period**

During the Transition Period, for those Target Companies and their respective subsidiaries and investee companies in which equity interests or mining rights are valued using the income approach and adopted as the pricing basis (the “**Income Approach Assets**”), any profits generated during the Transition Period shall be enjoyed by the Company. If any loss is incurred by the Income Approach Assets during the Transition Period, the Counterparties who directly or indirectly hold the Income Approach Assets shall bear the obligation to make up such loss in proportion to their respective direct or indirect equity interest in the relevant Target Company as at the effective date of the agreement for the Transaction. For the Income Approach Assets with forecasted losses during the Transition Period, the amount of losses up to the forecasted amount shall not be borne by the Counterparties. Only the amount of losses incurred during the Transition Period in excess of the forecasted amount shall be borne by the Counterparties in proportion to their respective direct or indirect equity interests in the relevant Target Company as at the effective date of the agreement for the Transaction.

For the avoidance of doubt, when calculating the profit or loss of the Income Approach Assets held by a Target Company, the aggregate profit or loss arising from all Income Approach Assets held by such Target Company shall be applied. Where the Transition Period overlaps with the performance compensation period stipulated under the Performance Compensation Agreement entered into among the parties, the Counterparties shall comply with the relevant provisions under the Performance Compensation Agreement, and shall not be required to bear any responsibility under the profit and loss arrangement for the Transition Period as set out in the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement).

Apart from the Income Approach Assets, any profits or losses arising from the other assets of the Target Companies during the Transition Period shall be enjoyed or borne by the Company.

The parties agree that, after completion of the Transaction, the profits and losses of the Target Assets for the Transition Period shall be determined as follows:

The Company shall engage an accounting firm that meets the requirements of the Securities Law of the PRC to conduct a completion audit, with the last day of the month in which the closing date falls as the audit reference date, on the profits and losses of the Target Assets for the period from (but excluding) the Valuation Benchmark Date to (and including) the closing date, and to issue a completion audit report; or any other approach as may be mutually agreed by the parties at the relevant time.

Closing

After the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) becomes effective, all parties shall promptly implement the transaction proposal thereunder and actively cooperate with each other in going through all necessary closing procedures for the Transaction in accordance with the law.

The Counterparties shall, immediately after the Effective Date, procure the Target Companies to perform necessary procedures, amend the articles of association and other documents, and complete the industrial and commercial registration of change for the transfer of the Target Assets to the Company within 20 working days after the Effective Date. The Company shall, within 20 working days after the completion of the aforesaid equity transfer procedures, apply to CSDC for the registration of the Consideration Shares.

**Conditions Precedent
for Effectiveness of
the Asset Purchase
Agreement and the
Supplemental Asset
Purchase Agreement**

The Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) shall be established on the date when the legal representatives or authorised representatives of all parties sign and affix their seals thereto. Except for the confidentiality clauses, which shall take effect as at the date of signing the Asset Purchase Agreement, all other clauses shall come into force after all of the following conditions are satisfied:

- (1) The Transaction has been considered and approved by the Board and the general meeting of the Company;
- (2) The necessary internal approvals of the Counterparties in respect of the Transaction have been obtained;
- (3) The Asset Valuation Reports involved in the Transaction has been filed with the state-owned assets supervision and administration department or its authorised institution;
- (4) The Transaction has been approved by the state-owned assets supervision and administration department or its authorised institution;
- (5) The Transaction has been reviewed and approved by the SSE and registered and consented to by the CSRC; and
- (6) Other approvals or consents required by relevant laws and regulations (if any) have been obtained.

As at the date of this announcement, save for the satisfaction of condition (1) to the extent of the Board's approval, and conditions (2) and (3), none of the other conditions precedent had been fulfilled.

2. Plan for the Issuance of Consideration Shares

Type, Par Value and Listing Venue of Consideration Shares to be Issued	Domestic listed ordinary shares denominated in RMB (A Shares) with a par value of RMB1.00 per Share, which will be listed on the SSE. The Consideration Shares, upon issuance, will rank <i>pari passu</i> in all respects with the A Shares in issue at the time of the issuance of such Consideration Shares.
Target Subscriber	China Energy
Pricing Basis, Pricing Benchmark Date, and Issuance Price of Consideration Shares	The Pricing Benchmark date for the issuance of Consideration Shares is the date of the announcement of the resolution of the 12th meeting of the sixth session of the Board of the Company (i.e., 16 August 2025). The issuance price of the Consideration Shares is RMB30.38 per share, which complies with the Administrative Measures for Restructuring, and shall not be lower than the audited net assets per share attributable to shareholders of the listed company, after giving effect to any ex-rights or ex-dividend adjustments, as at the end of the latest period prior to the disclosure of the proposal for the issuance of Consideration Shares (i.e. 31 December 2024), being RMB21.48 per share as calculated in accordance with the PRC Accounting Standards for Business Enterprises.

Pursuant to Article 46 of the Administrative Measures for the Major Asset Restructuring of Listed Companies, the issuance price of shares by a listed company shall not be lower than 80% of the market reference price. The market reference price refers to one of the average trading prices of the shares of the listed company for the 20, 60 or 120 trading days preceding the date of the announcement of the board resolution in relation to the issuance of shares for the purchase of assets. In this regard, as the resolution of the 12th meeting of the sixth session of the Board (i.e., 16 August 2025) was the first board resolution at which the issuance of Consideration Shares was considered and approved, such date was required, in accordance with the applicable regulatory requirements, to be used as the pricing benchmark date. Accordingly, the final issuance price was not lower than 80% of the average trading price of the Company's shares for the relevant 20, 60 or 120 trading-day period preceding such pricing benchmark date. For illustration purposes, details of the average trading prices of the Shares over the 20 trading days, 60 trading days and 120 trading days immediately preceding the Pricing Benchmark Date (adjusted for any ex-rights and ex-dividend effects during the respective periods), together with 80% of such average trading prices, are set out in the table below:

Calculation period of the average trading price of the Shares	Average trading prices (RMB/Share)	80% of the average trading prices (RMB/Share)
Last 20 trading days	38.07	30.46
Last 60 trading days	37.69	30.16
Last 120 trading days	<u>36.17</u>	<u>28.94</u>

Note: The average trading price for the preceding N trading days is calculated by dividing the total trading value over the preceding N trading days by the total trading volume over the same period. The data for 80% of the average trading prices are rounded up to the nearest two decimal places.

Such pricing mechanism is formulated in compliance with the applicable regulatory requirements and is determined with reference to prevailing market practice and regulatory precedents, including comparable major asset restructurings of listed companies. The Company considers that, having taken into account the above factors, the pricing mechanism is fair and reasonable so far as the Company and its Shareholders as a whole are concerned.

The issuance price of RMB30.38 per share represents:

- (a) a discount of approximately 25.15% to the closing price of RMB40.59 per A Share as quoted on the SSE on the date of this announcement;
- (b) a discount of approximately 19.12% to the closing price of RMB37.56 per A Share as quoted on the SSE on 1 August 2025 (being the Last Trading Day);
- (c) a discount of approximately 19.99% to the average closing price of RMB37.97 per A Share for the five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 21.52% to the average closing price of RMB38.71 per A Share for the thirty consecutive trading days up to and including the Last Trading Day;

- (e) a discount of approximately 22.24% to the average closing price of RMB39.07 per A Share for the sixty consecutive trading days up to and including the Last Trading Day;
- (f) a premium of approximately 40.52% over the audited consolidated net asset value attributable to shareholders of RMB21.62 per Share as at 31 December 2024 as extracted from the Company's latest annual report published on the Hong Kong Stock Exchange; and
- (g) a premium of approximately 49.21% over the unaudited consolidated net asset value attributable to shareholders of RMB20.36 per Share as at 30 June 2025 as extracted from the Company's latest interim report published on the Hong Kong Stock Exchange.

During the period between the Pricing Benchmark Date and the issuance date, if there are any ex-rights or ex-dividend events of the Company, such as distribution of dividend, issue of bonus share, rights issue or capitalisation issue, the issuance price will be adjusted according to the following formula, and the calculation result will be rounded up to the nearest two decimal places. The adjustment formula for the issuance price is as follows:

In the event of bonus issue or capitalisation issue:
 $P_1 = P_0 / (1+n)$;

In the event of rights issue: $P_1 = (P_0 + A \times k) / (1+k)$;

In the event of the above two items implemented simultaneously: $P_1 = (P_0 + A \times k) / (1+n+k)$;

In the event of distribution of cash dividend: $P_1 = P_0 - D$;

In the event that the above three items are implemented simultaneously: $P^1 = (P_0 - D + A \times k) / (1+n+k)$.

Where, “ P_0 ” is the issuance price of the Consideration Shares before adjustment; “ n ” is the rate of bonus issue or rate of capitalisation issue; “ k ” is the rights issue ratio; “ A ” is the subscription price for the rights issue; “ D ” is the amount of cash dividend per share; and “ P_1 ” is the adjusted issuance price.

Except for the adjustment of the issuance price resulting from the aforesaid ex-rights and ex-dividend events, no issuance price adjustment mechanism is set for the Transaction for the time being.

On 24 October 2025, the Company convened the second extraordinary general meeting of 2025, at which the Resolution regarding the “Interim Profit Distribution Plan of China Shenhua Energy Company Limited for 2025 was considered and approved, pursuant to which, the Company declared a cash dividend of RMB0.98 (tax inclusive) per Share, based on the total share capital of the Company (i.e. 19,868,519,955 shares) prior to the implementation of the distribution. The Company will complete the distribution of the 2025 interim dividend around 24 December 2025.

As the Company has implemented the 2025 interim profit distribution and in accordance with the pricing principles set out above, the issuance price for the Consideration Shares has been adjusted from RMB30.38 per Share to RMB29.40 per Share.

**Number of
Consideration Shares
to be Issued**

The number of Consideration Shares to be issued shall be determined according to the following formula: Total number of the Consideration Shares to be issued = The portion of the transaction consideration corresponding to the issuance of Consideration Shares/issuance price.

The number of new Shares to be acquired by China Energy, as calculated according to the above formula, shall be rounded down to the nearest whole Share, and any fractional Share shall be deemed as a donation to the Company and directly included in the capital reserve of the Company. The final number of the Consideration Shares to be issued shall be the number as approved by the EGM, reviewed and approved by the SSE and registered with the CSRC.

Based on the transaction price of the Target Assets, the issuance price of the Consideration Shares and the proportion of share consideration, the number of Consideration Shares to be issued is 1,363,248,446 A Shares, accounting for approximately 6.42 % of the total share capital of the Company after the completion of the Transaction. The specific details are as follows:

No.	Target Assets	Issuance of the Shares as consideration	Number of the Issuance of the Shares
		(RMB'000)	('000 Shares)
1	100% equity interest in Guoyuan Power	14,195,709.5	482,847.3
2	100% equity interest in Xinjiang Energy	3,859,680.9	131,281.7
3	100% equity interest in Chemical Company	9,513,608.7	323,592.1
4	100% equity interest in Wuhai Energy	4,526,087.0	153,948.5
5	100% equity interest in Pingzhuang Coal	1,777,985.5	60,475.7
6	41% equity interest in Shenyang Coal	2,449,177.9	83,305.4
7	49% equity interest in Jinshen Energy	1,203,850.1	40,947.3
8	100% equity interest in Baotou Mining	1,446,449.7	49,199.0
9	100% equity interest in Shipping Company	681,986.6	23,196.8
10	100% equity interest in Coal Trading Company	274,166.2	9,325.4
11	100% equity interest in Port Company	150,802.3	5,129.3
Total		40,079,504.3	1,363,248.4

During the period between the Pricing Benchmark Date and the Issuance Date, if there are any ex-rights and ex-dividend events of the Company, such as distribution of dividend, bonus issue, rights issue or capitalisation issue, or the issuance price is adjusted according to the abovementioned issuance price adjustment mechanism, the number of Consideration Shares to be issued will also be adjusted accordingly according to the adjustment of the issue price.

Lock-up Period

China Energy shall not transfer the Shares of the Company acquired under the Transaction within 36 months from the date of the completion of the issuance of Consideration Shares. If additional Shares are allotted or issued due to, among others, the bonus issue, capitalisation issue or rights issue of the Company, any additional Shares so allotted or issued will also be subject to the above-mentioned lock-up period. However, transfers permitted under applicable laws, regulations and regulatory documents are not subject to such restrictions.

Where the closing price of the Shares of the Company is lower than the issue price for 20 consecutive trading days during the 6 months after completion of the Transaction or the closing price is lower than the issue price at the end of the 6 months after completion of the Transaction, the lock-up period of such Shares of the Company held by China Energy will be automatically extended for another 6 months.

The Shares of the Company already held by China Energy and its concert party, Capital Holdings, prior to the Transaction shall not be transferred within 18 months after completion of the Transaction. If additional Shares are allotted or issued due to the Company's bonus issue, capitalisation of capital reserves or rights issue, any such additional Shares shall also be subject to the same lock-up period. However, transfers permitted under applicable laws, regulations and normative documents shall not be subject to such restriction.

**Arrangements for
Accumulated
Undistributed Profit**

The Company's accumulated undistributed profits accrued prior to the issuance of the Consideration Shares shall, from the date of completion of the issuance of the Consideration Shares, be jointly shared by the existing and new Shareholders of the Company after such issuance in proportion to their respective shareholdings as registered with CSDC.

General Mandate

The Consideration Shares will be issued pursuant to the General Mandate. The maximum number of A Shares that can be issued under the General Mandate is 3,298,207,591 A Shares. As at the date of this announcement, (i) no A Shares have been issued pursuant to the General Mandate; and (ii) the General Mandate is sufficient for the issue of the Consideration Shares.

The validity period of the plan for the Transaction is twelve months from the date on which the Shareholders approve the resolution relating to the Transaction. If the Company obtains the approval from the CSRC for the Transaction within such validity period, the validity period shall automatically extend to the date of completion of the Transaction.

3. Information on the Parties to the Transaction and the Target Companies

Information on the Parties to the Transaction

(1) The Group

The Company is a world-leading coal-based integrated energy company. The main business of the Group includes production and sales of coal and power, railway, port and ship transportation, and coal-to-olefins and other related chemical processing business. As at the date of this announcement, China Energy directly holds 13,812,709,196 A Shares of the Company and indirectly holds 11,593,528 A Shares of the Company through Capital Holdings, in aggregate representing 69.5789% of the total number of issued shares of the Company.

(2) China Energy

China Energy and its subsidiaries have various industrial sectors, including coal, thermal power, new energy, hydropower, transportation, chemical, technology and environmental protection and finance, and are mainly engaged in coal production, power generation, transportation and coal based chemical processing as well as investment and financing activities. China Energy is a controlling Shareholder of the Company. The ultimate beneficial owner of China Energy is the SASAC.

(3) *Western Energy*

Western Energy is a company established in the PRC with limited liability in 2024 and mainly engaged in coal mining, power generation, power transmission, power supply (distribution), road freight transportation, coal washing and processing, sales of coal and coal products, etc. As at the date of this announcement, Western Energy is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

Information on the Target Companies

(1) *Guoyuan Power*

Guoyuan Power, formerly known as State Grid Energy Development Co., Ltd. (國網能源開發有限公司), is a company established in the PRC with limited liability in 2008. It became a wholly-owned subsidiary of China Energy (which at that time was Shenhua Group Corporation Limited 神華集團有限責任公司) in 2012 through the acquisition of 100% equity from State Grid Corporation of China. At the time of the transfer, the registered capital was RMB7 billion. Following the completion of the equity transfer, China Energy made several capital injections into Guoyuan Power, increasing its registered capital to approximately RMB47.26 billion in 2024. Guoyuan Power operates in the power, heat production, and supply industry as well as coal mining and washing industry and is mainly engaged in, among others, coal mining, washing, processing and sales, pithead coal-fired power generation business, heat supply and construction of power transmission and distribution facilities. As at the date of this announcement, Guoyuan Power is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Guoyuan Power's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	60,066	61,030	63,610	60,151
Equity attributable to equity holders of the Company	26,775	24,925	20,941	19,554

	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	12,468	25,844	31,096	30,050
Profit before income tax	3,541	4,206	4,025	3,560
Profit for the year/period	2,913	3,375	3,029	2,394
Profit attributable to equity holders of the Company	2,378	2,232	1,997	1,537

(2) *Xinjiang Energy*

Xinjiang Energy is a company established in the PRC with limited liability in 2000. China Energy (which at that time was Shenhua Group Corporation Limited) acquired 51% equity interest in Xinjiang Energy in 2005 by contributing RMB645 million in cash. In 2007, China Energy made an additional cash capital contribution, increasing its shareholding to 68.46%. In 2010, China Energy acquired a further 23.80% equity interest from Xinjiang Investment Development (Group) Co., Ltd. (新疆投資發展(集團)有限公司) for RMB650 million, increasing its interest to 92.26%. In 2011, China Energy acquired an additional 2.20% equity interest from China Cinda Asset Management Co., Ltd. (中國信達資產管理公司) for approximately RMB65 million and subscribed for new registered capital, increasing the registered capital to approximately RMB3.76 billion. In 2013, China Energy acquired a further 2.89% equity interest from China Huarong Asset Management Co., Ltd. (中國華融資產管理公司) for approximately RMB161 million. Through subsequent rounds of capital restructuring, the registered capital of Xinjiang Energy was gradually increased to approximately RMB9.12 billion by 2023. It operates in the coal mining and washing industry and is mainly engaged in, among others, coal mining, washing and processing, and sales. As at the date of this announcement, Xinjiang Energy is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Xinjiang Energy's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	31,095	30,858	26,723	21,566
Equity attributable to equity holders of the Company	10,322	10,310	9,055	7,410
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	6,990	18,232	19,423	18,543
Profit before income tax	357	2,702	3,294	6,205
Profit for the year/period	176	2,145	2,611	5,225
Profit attributable to equity holders of the Company	140	1,940	2,147	4,464

(3) Chemical Company

Chemical Company is a company established in the PRC with limited liability in 2003. It was established through capital contributions by China Energy (which at that time was Shenhua Group Corporation Limited) and its wholly-owned subsidiary, Guohua Energy Investment Co., Ltd. (國華能源投資有限公司), with initial registered capital of RMB2 billion (China Energy contributing RMB1.8 billion and Guohua contributing RMB0.2 billion) in 2003. In 2008, the registered capital was increased to RMB10.6 billion, with China Energy's contribution increased to RMB9.75 billion. Between 2008 and 2023, Chemical Company underwent multiple rounds of capital restructuring, increasing its registered capital to approximately RMB31.24 billion. Subsequent to the Valuation Benchmark Date, Chemical Company also received an additional capital contribution of RMB4,927.20 million from China Energy. As at the date of this announcement, the relevant change registration formalities with the PRC company registration authority has not yet been completed. It operates in the petroleum, coal, and other fuel processing industry and is mainly engaged in the production, processing, and sale of coal chemical products, as well as the businesses related to the

clean conversion and utilisation of coal. As at the date of this announcement, Chemical Company is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Chemical Company's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	40,757	37,071	35,754	37,515
Equity attributable to equity holders of the Company	17,143	17,593	16,181	15,890
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	11,962	26,429	25,651	27,982
Profit/(loss) before income tax	(489)	1,323	318	2,326
Profit/(loss) for the year/period	(550)	1,265	278	2,224
Profit/(loss) attributable to equity holders of the Company	(527)	1,363	283	2,231

Chemical Company recorded a loss for the seven months ended 31 July 2025 primarily due to the temporary shutdown of the coal-to-liquids project operated by its Ordos Coal-to-Liquids Branch. The production units of the coal-to-liquids project were taken offline in November 2024 for a process upgrade and transformation, and remained under suspension during January to July 2025, resulting in operating losses for the period.

The upgrade works have now been substantially completed and the relevant units are currently in trial operation. The coal-to-liquids project recorded satisfactory profitability in 2024 prior to the commencement of the upgrade works, and the completion of the technological upgrade is expected to further improve production efficiency.

(4) *Wuhai Energy*

Wuhai Energy is a company established in the PRC with limited liability in 2002. It was founded in April 2002 by China Energy (which at that time was Shenhua Group Corporation Limited) as a wholly-owned subsidiary with an initial registered capital of RMB202 million. It subsequently underwent capital increases in 2009, 2018 and 2021, raising its registered capital to approximately RMB2.69 billion. It operates in the coal mining and washing industry and is mainly engaged in coal mining, washing and processing, and sales. As at the date of this announcement, Wuhai Energy is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Wuhai Energy's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	23,407	23,401	22,502	20,941
Equity attributable to equity holders of the Company	12,316	12,299	11,205	10,518
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	4,040	9,770	10,744	12,606
Profit before income tax	44	1,623	1,467	5,841
Profit/(loss) for the year/period	(77)	1,241	972	4,632
Profit attributable to equity holders of the Company	24	1,197	712	4,340

Wuhai Energy recorded a loss for the seven months ended 31 July 2025 mainly due to weaker downstream demand. A slowdown in the real estate sector and related industries resulted in subdued steel demand and a decline in coking coal prices during the period. On the production side, coal output decreased at certain mines of Wuhai Energy, including Gongwusu Mine and Laoshidan Mine, leading to an overall reduction in production and a slight decrease in sales volume.

(5) *Pingzhuang Coal*

Pingzhuang Coal is a company established in the PRC with limited liability in 2000. It was originally a local state-owned enterprise. In April 2008, Chifeng Municipal Bureau of Industry and Information Technology transferred 48% equity to China Guodian Corporation (中國國電集團有限公司) for RMB2.091 billion. Shortly thereafter, Chifeng Municipal Bureau of Industry and Information Technology transferred an additional 3% equity to China Guodian Corporation without consideration, raising the shareholding of China Guodian Corporation to 51%. In 2009, China Guodian Corporation transferred its 51% equity interest to its subsidiary, Guodian Inner Mongolia Power Co., Ltd. (國電內蒙古電力有限公司) Pingzhuang Coal increased its registered capital to approximately RMB2.35 billion in 2011. Separately, Chifeng Municipal Bureau of Industry and Information Technology transferred 31.82% equity to China Cinda Asset Management Co., Ltd., which was subsequently transferred to China Energy in 2020 for approximately RMB1.60 billion. In 2021, Guodian Inner Mongolia Power Co., Ltd. transferred its 51% equity interest to China Energy without consideration, increasing the shareholding of China Energy to 82.82%. Other local state-owned entities and China Huarong Asset Management Co., Ltd. transferred the remaining 17.18% equity to China Energy. After completing registration changes in January 2022, China Energy became the only shareholder of Pingzhuang Coal, whose registered capital was subsequently increased to approximately RMB4.35 billion. It operates in the coal mining and washing industry and is mainly engaged in coal mining, washing and processing, and sales. As at the date of this announcement, Pingzhuang Coal is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Pingzhuang Coal's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	35,794	34,354	33,693	32,892
Equity attributable to equity holders of the Company	3,437	2,632	5,586	5,366

	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	5,905	10,045	9,199	9,837
Profit/(loss) before income tax	1,340	(3,019)	1,837	1,695
Profit/(loss) for the year/period	1,023	(3,389)	1,292	1,035
Profit/(loss) attributable to equity holders of the Company	672	(1,615)	533	738

Pingzhuang Coal recorded a loss for the year ended 31 December 2024 despite maintaining stable year-on-year revenue growth. The decline in profitability was primarily attributable to a one-off donation made in 2024 by its subsidiary, Inner Mongolia Xilinhe Coal Chemical Co., Ltd. (內蒙古錫林河煤化工有限責任公司), through the Public Welfare Foundation of China Energy Group to the Inner Mongolia Autonomous Region Government for comprehensive ecological governance in Inner Mongolia. No such donation was made in 2025. Excluding this non-recurring item, Pingzhuang Coal's underlying operations remained stable, and Pingzhuang Coal returned to profitability for the seven months ended 31 July 2025.

(6) *Inner Mongolia Construction Investment*

Inner Mongolia Construction Investment is a company established in the PRC with limited liability in 2005. It was founded through joint capital contributions by China Guodian Corporation (which was subsequently merged into Shenhua Group Corporation Limited, and is now part of China Energy) and Hebei Construction & Investment Group Co., Ltd. (河北建投集團股份有限公司), with each party contributing RMB10 million and holding 50% equity interest in 2005. In 2008, China Guodian Corporation transferred its 50% equity interest to GD Power Development Co., Ltd. (國電電力發展股份有限公司). Inner Mongolia Construction Investment subsequently completed two rounds of capital increases in 2010 and 2014, raising its registered capital to RMB4,135 million, with both shareholders making further capital contributions in cash in proportion to their respective shareholdings. In 2024, Western Energy acquired the 50% equity interest held by GD Power Development Co., Ltd. and the 50% equity interest held by Hebei Construction & Investment Group Co., Ltd., for consideration of approximately RMB6,740 million for each acquisition. Following completion of the registration update on 23 April 2025, Western Energy became the sole shareholder of Inner Mongolia Construction Investment. It operates in the power, heat production and supply industry as well as coal mining and washing industry and is mainly engaged in pithead coal-fired power generation, coal mining, washing, processing, and sales. As at the

date of this announcement, Inner Mongolia Construction Investment is a wholly-owned subsidiary of Western Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Inner Mongolia Construction Investment's audited financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	15,040	15,003	14,687	15,595
Equity/(deficit) attributable to equity holders of the Company	(1,162)	(2,197)	4,940	6,220
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	2,872	3,066	2,705	7,307
Profit/(loss) before income tax	964	(7,105)	(522)	1,497
Profit/(loss) for the year/period	1,035	(7,126)	(547)	985
Profit/(loss) attributable to equity holders of the Company	1,035	(7,126)	(547)	985

Inner Mongolia Construction Investment recorded a net loss for the year ended 31 December 2023 mainly because its coal mine operations were suspended in the second half of the year pending completion of procedures relating to the renewal of its mining licence, resulting in the absence of external coal sales during the period.

For the year ended 31 December 2024, Inner Mongolia Construction Investment again recorded a net loss, primarily because mining operations continued to be suspended in the first half of the year pending completion of the mining licence procedures, and due to a significant increase in non-operating expenses arising from a donation made through the Public Welfare Foundation of China Energy Group to the Inner Mongolia Autonomous Region Government for comprehensive ecological governance in Inner Mongolia.

For the seven months ended 31 July 2025, Inner Mongolia Construction Investment had resumed normal production and operations, resulting in a return to normal profitability levels.

(7) *Shenyan Coal*

Shenyan Coal is a company established in the PRC with limited liability in 2009. It was originally formed with registered capital of RMB1.44 billion, jointly invested by China Energy (which at that time was Shenhua Group Corporation Limited) (RMB734 million, 51%) and Shaanxi Yanchang Petroleum (Group) Co., Ltd. (陝西延長石油(集團)有限責任公司) (RMB706 million, 49%). In 2013, registered capital was increased to RMB2.18 billion, with China Energy contributing an additional RMB38 million, maintaining its 51% shareholding. In 2023, Shenyan Coal further increased its registered capital to approximately RMB2.74 billion with the introduction of external investors. China Energy made a simultaneous contribution of approximately RMB36 million, after which its holding was adjusted to 41%. It operates in the coal mining and washing industry and is mainly engaged in coal mining, washing and processing, and sales. As at the date of this announcement, Shenyan Coal is held by China Energy, Shaanxi Yanchang Petroleum Mining Co., Ltd.* (陝西延長石油礦業有限責任公司), Shenmu State-Owned Capital Investment and Operation Group Co., Ltd.* (神木市國有資本投資運營集團有限公司), Shaanxi Yushen Energy Development and Construction Group Co., Ltd.* (陝西榆神能源開發建設集團有限公司), and Yulin Yuyang District Energy Investment Co., Ltd.* (榆林市榆陽區能源投資有限責任公司) as to approximately 41.00%, 39.00%, 7.50%, 7.00%, and 5.50% equity interest, respectively. The ultimate beneficial owners of China Energy and Shaanxi Yanchang Petroleum Mining Co., Ltd. are the SASAC and the State-owned Assets Supervision and Administration Commission of the People's Government of Shaanxi Province, respectively.

The key financial data of Shenyang Coal's audited financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	12,898	11,671	11,710	12,208
Equity attributable to equity holders of the Company	11,100	9,625	6,723	9,614
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	3,585	7,059	6,824	7,137
Profit before income tax	1,737	3,533	3,356	4,270
Profit for the year/period	1,475	2,973	2,846	3,601
Profit attributable to equity holders of the Company	1,475	2,973	2,846	3,601

(8) Jinshen Energy

Jinshen Energy is a company established in the PRC with limited liability in 2004. It was initially formed through capital contributions by Shanxi Coal Sales Corporation (山西省煤炭運銷總公司) and China Energy (which at that time was Shenhua Group Corporation Limited), with capital contributions of RMB15.30 million (51%) and RMB14.70 million (49%), respectively. Jinshen Energy subsequently completed capital increases in 2005, 2009, and 2011, raising its registered capital to RMB574 million, with China Energy's cumulative capital contributions totaling approximately RMB267 million. It operates in the coal mining and washing industry and is mainly engaged in coal mining, washing, processing and sales, and a small amount of coal distribution. As at the date of this announcement, Jinshen Energy is held by Shanxi Coal Transportation and Sales Group Co., Ltd.* (山西煤炭運銷集團有限公司) and China Energy as to 51.00% and 49.00% equity interest, respectively. The ultimate beneficial owners of Shanxi Coal Transportation and Sales Group Co., Ltd. and China Energy are the State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province and the SASAC, respectively.

The key financial data of Jinshen Energy's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	7,703	8,330	8,116	8,019
Equity attributable to equity holders of the Company	5,233	5,174	5,065	4,616
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	1,771	3,060	5,625	5,917
Profit before income tax	154	885	2,742	3,132
Profit for the year/period	96	649	2,044	2,312
Profit attributable to equity holders of the Company	59	395	1,564	1,848

(9) Baotou Mining

Baotou Mining is a company established in the PRC with limited liability. Baotou Mining originated as Baotou Mining Bureau of Inner Mongolia Autonomous Region, established on 4 September 1980. In 1999, the entire Baotou Mining Bureau was transferred to China Energy (which at that time was Shenhua Group Corporation Limited) without consideration for unified management. On 18 January 2001, China Energy approved its restructuring into a limited liability company. Baotou Mining completed registration as a limited liability company on 20 April 2004 with registered capital of RMB67 million, and later increased its registered capital to approximately RMB2.38 billion. It operates in the road transportation industry and is mainly engaged in road transportation. As at the date of this announcement, Baotou Mining is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Baotou Mining's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	4,574	4,979	5,451	1,592
Equity attributable to equity holders of the Company	4,405	4,415	1,349	1,247
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	93	132	168	182
Profit/(loss) before income tax	107	5,016	52	(52)
Profit/(loss) for the year/period	(10)	3,747	51	(23)
Profit/(loss) attributable to equity holders of the Company	(10)	3,022	55	(23)

(10) Shipping Company

Shipping Company is a company established in the PRC with limited liability. In 2023, China Energy established its Shipping Company as a wholly-owned subsidiary with registered capital of RMB1 billion. It operates in the water transportation industry and is mainly engaged in water transportation. As at the date of this announcement, Shipping Company is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Shipping Company's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	5,339	3,926	2,448	2,392
Equity attributable to equity holders of the Company	1,819	1,136	936	910
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	2,858	4,160	2,466	3,076
Profit/(loss) before income tax	245	267	(74)	263
Profit/(loss) for the year/period	183	220	(76)	197
Profit/(loss) attributable to equity holders of the Company	183	200	(76)	127

(11) Coal Trading Company

Coal Trading Company is a company established in the PRC with limited liability. Coal Trading Company originated as the China Clean Coal Company Transportation & Sales Branch (中國精煤公司運銷分公司), established on 8 April 1985 with approval of the former State Planning Commission. It was renamed Huaneng Clean Coal Transportation & Sales Branch (華能精煤公司運銷分公司) in 1987 and re-registered in 1993 as an enterprise with registered capital of RMB8 million funded entirely by Huaneng Clean Coal Company (華能精煤公司). Following structural adjustments within China Energy (which at that time was Shenhua Group Corporation Limited), the company's affiliation was transferred to China Energy in 1995. The company undertook several rounds of capital increases and reductions. In 2013, it was converted into a single-shareholder limited liability company, with registered and paid-in capital of RMB323 million, wholly owned by China Energy. It operates in the wholesale industry and is mainly engaged in coal sales and import/export, comprehensive utilisation and deep processing of coal, etc. As at the date of this announcement, Coal Trading Company is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Coal Trading Company's audited consolidated financial statements for the three financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)	As at 31 December 2022 (Audited)
Total assets	4,343	2,161	1,271	830
Equity attributable to equity holders of the Company	751	765	492	452
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)	Year ended 31 December 2022 (Audited)
Revenue	2,432	9,124	5,433	3,773
Profit before income tax	40	91	59	74
Profit for the year/period	28	58	40	54
Profit attributable to equity holders of the Company	28	58	40	54

(12) Port Company

Port Company is a company established in the PRC with limited liability. In 2023, China Energy established Port Company as a wholly-owned subsidiary with registered capital of RMB100 million. It operates in the cargo handling and warehousing industry and is mainly engaged in removal of residual coal from railcars, coal sampling and sample preparation, and rapid coal quality testing. As at the date of this announcement, Port Company is a wholly-owned subsidiary of China Energy and its ultimate beneficial owner is the SASAC.

The key financial data of Port Company's audited consolidated financial statements for the two financial years ended 31 December 2024 and the seven months ended 31 July 2025, prepared in accordance with the IFRS Accounting Standards are set out below:

Unit: RMB million

	As at 31 July 2025 (Audited)	As at 31 December 2024 (Audited)	As at 31 December 2023 (Audited)
Total assets	254	231	174
Equity attributable to equity holders of the Company	192	172	130
	Seven months ended 31 July 2025 (Audited)	Year ended 31 December 2024 (Audited)	Year ended 31 December 2023 (Audited)
Revenue	65	112	77
Profit before income tax	26	57	41
Profit for the year/period	20	42	30
Profit attributable to equity holders of the Company	20	42	30

Valuation and Pricing of the Target Companies

The transaction price is determined based on the valuation results set out in the Asset Valuation Reports issued respectively by China Enterprise Appraisal and China United Appraisal, both of which are qualified securities appraisal institutions, in respect of the value as at the Valuation Benchmark Date of 31 July 2025, and filed by China Energy, and was agreed upon by the parties to the Transaction on the basis of such filed valuation results. Further details of the Asset Valuation Reports will be included in the circular to be despatched to Shareholders in relation to the EGM.

Unit: RMB'000

Target Companies	Book Value A	Appraised Value of Total Shareholders' Equity B	Increase/ (Decrease) C=B-A	Appreciation Rate D=C/A	Equity Interest Percentage to be Transferred	Appraised Value of the Target Assets	Valuation Approach Adopted	Valuation Approach for Underlying Assets
Guoyuan Power	27,568,283.5	44,581,992.9	17,013,709.4	61.71%	100%	44,581,992.9	Asset-based approach	Long-term equity investments valued using asset-based approach or book value; buildings valued using cost and market approaches; equipment valued using replacement cost and market approaches; mining rights valued using discounted cash flow method; other assets and liabilities valued based on book values or actual obligations/rights.
Xinjiang Energy	9,491,294.8	12,121,427.6	2,630,132.8	27.71%	100%	12,121,427.6	Asset-based approach	Long-term equity investments valued using asset-based approach, quoted prices or net assets × shareholding ratio; buildings valued using cost and market approaches; equipment valued using cost method; construction in progress valued using cost method; land use rights valued using market comparison, cost and benchmark land price methods; mining rights valued using discounted cash flow method; other assets and liabilities based on book values or actual obligations/rights.
Chemical Company	17,114,677.5	24,950,534.1	7,835,856.6	45.78%	100%	24,950,534.1	Asset-based approach	Long-term equity investments valued using asset-based approach, income approach or book value; buildings valued using cost and market approaches; construction in progress valued using cost method; equipment valued using replacement cost and market approaches; intangible assets (land) valued using market comparison and cost approaches; other assets and liabilities based on book values or actual obligations/rights.

Target Companies	Book Value A	Appraised Value of Total Shareholders' Equity B	Increase/ (Decrease) C=B-A	Appreciation Rate D=C/A	Equity Interest Percentage to be Transferred	Appraised Value of the Target Assets	Valuation Approach Adopted	Valuation Approach for Underlying Assets
Wuhai Energy	11,621,321.4	14,214,293.3	2,592,971.9	22.31%	100%	14,214,293.3	Asset-based approach	Long-term equity investments valued using asset-based approach; buildings valued using cost and market approaches; shaft construction assets valued using cost method; equipment valued using cost method; construction in progress valued using cost method; land use rights valued using market comparison and benchmark land price adjustment methods; mining rights valued using discounted cash flow method; other assets and liabilities based on book values or actual obligations/rights.
Pingzhuang Coal	2,284,963.9	5,583,809.3	3,298,845.4	144.37%	100%	5,583,809.3	Asset-based approach	Long-term equity investments valued using asset-based approach; buildings valued using cost method; shaft construction assets valued using cost method; equipment valued using cost method; construction in progress valued using cost method; land use rights valued using market comparison, cost and benchmark land price methods; mining rights valued using discounted cash flow method; other assets and liabilities based on book values or actual obligations/rights.
Inner Mongolia Construction Investment	-1,162,363.4	7,727,627.8	8,889,991.2	764.82%	100%	7,727,627.8	Asset-based approach	Equity investments valued using asset-based approach or book value; buildings valued using cost method; shaft construction assets valued using cost method; equipment valued using cost method; construction in progress valued using cost method; land use rights valued using market comparison and benchmark land price methods; mining rights valued using discounted cash flow method; other assets and liabilities based on book values or actual obligations/rights.

Target Companies	Book Value A	Appraised Value of Total Shareholders' Equity B	Increase/ (Decrease) C=B-A	Appreciation Rate D=C/A	Equity Interest Percentage to be Transferred	Appraised Value of the Target Assets	Valuation Approach Adopted	Valuation Approach for Underlying Assets
Shenyan Coal	10,749,924.1	18,760,260.1	8,010,336.0	74.52%	41%	7,691,706.6	Asset-based approach	Long-term equity investments valued using income approach; buildings valued using cost method; equipment valued using cost method; construction in progress valued using cost method; land use rights valued using market approach; mining rights valued using discounted cash flow method; other assets and liabilities based on book values or actual obligations/rights.
Jinshen Energy	5,233,925.0	7,715,759.7	2,481,834.7	47.42%	49%	3,780,722.3	Asset-based approach	Long-term equity investments valued using asset-based approach or net assets × shareholding ratio; buildings valued using cost and market approaches; equipment valued using cost method; other assets and liabilities based on book values or actual obligations/rights.
Baotou Mining	4,404,800.4	4,542,612.8	137,812.4	3.13%	100%	4,542,612.8	Income approach	/
Shipping Company	1,818,825.8	2,141,796.5	322,970.7	17.76%	100%	2,141,796.5	Asset-based approach	Long-term equity investments valued using asset-based approach; equipment valued using replacement cost and market approaches; other assets and liabilities based on book values or actual obligations/rights.
Coal Trading Company	750,560.8	861,026.1	110,465.3	14.72%	100%	861,026.1	Asset-based approach	Long-term equity investments valued using asset-based approach; buildings valued using market approach or book value; other assets and liabilities based on book values or actual obligations/rights.
Port Company	191,699.0	473,598.5	281,899.5	147.05%	100%	473,598.5	Income approach	/
Total	<u>90,067,912.8</u>	<u>143,674,738.7</u>	<u>53,606,825.9</u>	<u>59.52%</u>	/	<u>128,671,147.8</u>		

The valuations of the Target Companies were each, in principle, conducted by adopting the asset-based approach and income approach. Having taken into account the applicability of the appraisal methodology and the purpose of such valuation, the value conclusions of Baotou Mining and Port Company were selected based on the valuation results under the income approach, while the value conclusions of the remaining Target Companies were selected based on the valuation results under the asset-based approach (under which the discounted cash flow method was applied for certain core assets). As both the asset-based approach (which involved the use of the discounted cash flow method for certain core assets) and the income approach were adopted in the valuations, the valuations constitute profit forecast under Rule 14.61 of the Hong Kong Listing Rules (“**Profit Forecast**”), and the Company has fully complied with Rule 14.60A of the Hong Kong Listing Rules.

The principal assumptions underlying the Profit Forecast are set out in the Asset Valuation Reports included in Appendix I to this announcement. Ernst & Young, the reporting accountant of this Transaction, issued a report on the arithmetical accuracy of the calculation of the discounted future cash flow contained in the valuation reports. The report from Ernst & Young was set out in Appendix II. The Board also confirmed that Profit Forecast was made after due and careful enquiry, and the Board’s letter regarding this forecast was set out in Appendix III.

The following are the qualifications of the experts who have given the Company opinion or provided advice referred to or contained in this announcement:

Name	Qualification
Beijing China Enterprise Appraisals Co. Ltd.	certified independent assets valuer in the PRC
China United Assets Appraisal Group Co., Ltd.	certified independent assets valuer in the PRC
Ernst & Young	Certified Public Accountants Registered Public Interest Entity Auditor

As at the date of this announcement, the abovementioned experts have no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

The abovementioned experts have given and have not withdrawn their written consent to the issue of this announcement with the inclusion of its letter of advice/report and references to its name in the form and context in which they respectively appear.

4. Performance Commitment and Compensation Arrangements

On 19 December 2025, the Company, China Energy and Western Energy entered into the Performance Compensation Agreement in respect of the mining rights assets and the equity interests in certain subsidiaries and associates which were valued and priced using the income approach for the purposes of the Transaction. In addition, for those assets valued using the market approach under the Transaction, such as buildings and other assets, China Energy and Western Energy issued to the Company the Impairment Compensation Undertaking Letter dated 19 December 2025. Further details of the performance commitments and the related compensation arrangements are set out below.

A. Performance Commitment and Compensation Arrangements for the Income Approach-Priced Portion

(A) Scope and Term of Performance Commitment

According to the Performance Compensation Agreement, except for the mining rights asset groups under Xinjiang Energy, Wuhai Energy and Jinshen Energy the performance commitment period (the “**Performance Commitment Period**”) under the Transaction shall be the year in which the Transaction is completed (i.e., the year in which the industrial and commercial registration of the change in equity interests of the Target Companies is completed), and the two subsequent financial years, namely 2026, 2027 and 2028. To fully protect the interests of minority Shareholders, the Performance Commitment Period for the mining rights asset groups under Xinjiang Energy, Wuhai Energy and Jinshen Energy shall comprise the year in which the Transaction is completed (i.e., the year in which the industrial and commercial registration of the change in equity interests of the Target Companies is completed) and the subsequent five financial years, being 2026, 2027, 2028, 2029, 2030 and 2031. If the completion of the Transaction is delayed, the Performance Commitment Period shall be correspondingly extended.

The scope of the performance undertakings under the Transaction covers the mining rights asset groups, the equity interests in controlling subsidiaries and the equity interests in associates that were valued and priced using the income approach. The details are as follows:

Unit: RMB'000

No.	Target Companies	Performance Commitment Assets	Transaction Consideration
1	Guoyuan Power	Mining rights asset group	13,501,916.7
2	Xinjiang Energy	Mining rights asset group	4,665,266.9
3	Chemical Company	Equity asset: 30% equity interest in Shaanxi Energy Liangshuijing Mining Co., Ltd. (陝西能源涼水井礦業有限責任公司) held by Chemical Company	3,824,441.0
		Mining rights asset: the 35% mining right interest in the Chaoyang open-pit coal mine (朝陽露天煤礦) of Guoneng Baoqing Coal, Power and Chemical Co., Ltd. (國能寶清煤電化有限公司) held by Chemical Company	503,907.3
		Chemical Company subtotal	4,328,348.3
4	Wuhai Energy	Mining rights asset group	4,673,488.8
5	Pingzhuang Coal	Mining rights asset group	6,653,527.0
6	Inner Mongolia Construction Investment	Mining rights asset: Chahasu Coal Mine (察哈素煤礦)	9,405,929.3
7	Shenyan Coal	Mining rights asset: Xiwan open-pit coal mine in Shenmu City (神木市西灣露天煤礦)	3,941,253.7
		Equity asset: 30% equity interest in Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd. (陝西紅旗神延化工工程有限公司) held by Shenyan Coal	5,555.3
		Shenyan Coal subtotal	3,946,809.0
8	Jinshen Energy	Mining rights asset group	1,186,555.4
9	Baotou Mining	Equity asset: 100% equity interest in Baotou Mining	4,542,612.8
10	Port Company	Equity asset: 100% equity interest in Port Company	473,598.5

Note: For the performance commitment assets mentioned above, the transaction consideration attributable to the assets held by Shenyan Coal and Jinshen Energy has already taken into account the equity impact arising from their indirect shareholdings.

(B) Parties to the Performance Commitment

The parties to the performance commitments for the Transaction are China Energy and Western Energy (the “**Performance Commitment Parties**”). Among them, in respect of the performance commitment assets relating to Guoyuan Power, Xinjiang Energy, Chemical Company, Wuhai Energy, Pingzhuang Coal, Shenyang Coal, Jinshen Energy, Baotou Mining and Port Company, the obligations for performance compensation and impairment compensation shall be borne by China Energy as the compensating obligor. For the performance commitment assets relating to Inner Mongolia Construction Investment, the obligations for performance compensation and impairment test compensation shall be borne by Western Energy as the compensating obligor.

(C) Performance Commitment Amount

(1) Mining Rights Asset Group

The performance commitment for the mining rights asset group under the Transaction shall adopt the method of committing to the cumulative forecasted net profit. Based on the valuation results under the asset-based approach in the Asset Valuation Reports and the corresponding valuation situation in the Mining Right Valuation Report, and as confirmed by the valuation institutions, the arrangement for the performance commitment amounts in respect of the mining rights asset group is as follows: if the Transaction is completed in 2026, China Energy and Western Energy commit that, except for Xinjiang Energy, Wuhai Energy and Jinshen Energy, the cumulative net profits achieved by each mining right asset group of the other Target Companies during the Performance Commitment Period is as follows:

Unit: RMB'000

Target No.	Companies	Performance Commitment Assets					Cumulative Committed Net Profits of Mining Rights
			2026	2027	2028		
1	Guoyuan Power	Mining rights asset group	1,507,243.5	1,623,700.8	1,539,016.5		4,669,960.8

No.	Target Companies	Performance Commitment Assets					Cumulative Committed Net Profits of Mining Rights
			2026	2027	2028		
2	Chemical Company	Mining rights asset: the 35% mining right interest in the Chaoyang open-pit coal mine of Guoneng Baoqing Coal, Power and Chemical Co., Ltd. held by Chemical Company	58,274.8	65,701.9	73,343.6		197,320.3
3	Pingzhuang Coal	Mining rights asset group	867,649.8	909,911.0	1,447,155.4		3,224,716.2
4	Inner Mongolia Construction Investment	Mining right asset: Chahasu Coal Mine	679,216.0	814,448.1	949,584.1		2,443,248.2
5	Shenyan Coal	Mining right asset: Xiwan open-pit coal mine in Shenmu City	553,273.1	576,456.3	559,122.1		1,688,851.5

Note 1: The committed net profit for the current period of the mining rights asset group for the current period = Σ (the forecast net profit for the current year of the mining rights asset within the scope of the performance commitment assets (being the net profit after deducting non-recurring gains and losses) \times the percentage of equity interest to be injected into the company to which such mining rights asset belongs under the Transaction), and the same shall apply below. In addition, for the assets held by Shenyan Coal within the above performance commitment assets, the committed net profit amounts have taken into account the equity impact under the indirect shareholding scenario.

Note 2: The forecast net profit of each mining rights asset for the current year = the operating revenue for the year that is directly related to the mining rights – the total costs directly related to the mining rights (including operating costs, period expenses and depreciation and amortisation, etc.) – the sales taxes and surcharges directly related to the mining rights – the income tax expenses directly related to the mining rights. The relevant parameters are estimated in accordance with the Guiding Opinions on the Determination of Parameters for Mining Rights Valuation. The amortisation referred to above includes only the amortisation expenses related to mining rights (such as land use rights) and does not include the amortisation of the mining rights assets themselves or the authorisation of the costs of coal production capacity replacement indicators. The same shall apply below.

If the Transaction is completed in 2026, China Energy undertakes that the cumulative net profits to be achieved during the Performance Commitment Period by each mining rights asset group under Xinjiang Energy, Wuhai Energy and Jinshen Energy shall be as follows:

Unit: RMB'000

No.	Target Companies	Performance Commitment Assets	2026	2027	2028	2029	2030	2031	Cumulative Committed Net Profits of Mining Rights
1	Xinjiang Energy	Mining rights asset group	-727,543.2	176,790.4	812,877.6	1,131,521.6	1,460,560.7	2,404,683.2	5,258,890.2
2	Wuhai Energy	Mining rights asset group	-169,897.7	20,500.7	628,765.9	596,057.5	862,361.5	686,783.9	2,624,571.8
3	Jinshen Energy	Mining rights asset group	-140,681.0	-7,298.7	230,540.6	357,726.6	357,726.6	357,726.6	1,155,740.6

Note: For the assets held by Jinshen Energy within the above performance commitment assets, the committed net profit amounts have taken into account the equity impact under the indirect shareholding scenario.

(2) Equity Asset Group

The performance commitment amount for the equity assets is as follows: if this Transaction is completed in 2026, China Energy commits that the net profits to be achieved by each equity asset in 2026, 2027 and 2028 shall be as follows:

Unit: RMB'000

No.	Target Companies	Performance Commitment Assets	2026	2027	2028
1	Chemical Company	30% equity interest in Shaanxi Energy Liangshuijing Mining Co., Ltd. held by Chemical Company	253,270.2	294,336.8	335,765.6
2	Shenyan Coal	30% equity interest in Shaanxi Hongqi Shenyan Chemical Engineering Co., Ltd. held by Shenyan Coal	1,575.2	1,588.9	1,600.9

No.	Target Companies	Performance Commitment Assets	2026	2027	2028
3	Baotou Mining	100% equity interest in Baotou Mining	40,548.9	35,649.7	32,992.5
4	Port Company	100% equity interest in Port Company	34,670.1	33,441.8	32,151.9

Note: The committed net profit amount for the equity assets for the current year = the forecast net profit for the current year of the company within the scope of the performance commitment assets (being the net profit after deducting non-recurring gains and losses) × the equity interest percentage injected into such company under the Transaction. In addition, for the assets held by Shenyang Coal within the above performance commitment assets, the committed net profit amount has taken into account the equity impact under the indirect shareholding scenario.

(D) Performance Compensation and Impairment Test for the Income Approach-Priced Portion

(1) Determination of Realised Net Profit for the Current Period

For the mining rights asset group, after the completion of the Transaction, the Company shall, at the end of the last accounting year of the Performance Commitment Period, engage a qualified accounting firm to conduct a special audit of the actual cumulative realised net profit, after deducting non-recurring gains and losses, of each mining rights asset group prepared with reference to the calibre adopted in the mining rights valuation reports (the “**Actual Cumulative Realised Net Profit of the Mining Rights Asset Groups**”) and issue a special audit report. Based on such report, the parties shall determine the difference between the cumulative realised net profit of each mining rights asset group and its cumulative committed net profit amount. In addition, after the end of each accounting year during the Performance Commitment Period of the Transaction, the Company shall engage a qualified accounting firm to review the difference between the actual net profit for the year and the committed net profit for the year for each mining rights asset group during the Performance Commitment Period and issue a special audit report. The Performance Commitment Parties shall, based on the results of the special audit report, bear the corresponding performance compensation obligations and compensate the Company in accordance with the agreed compensation method.

For the equity assets, after the completion of the Transaction, the Company shall, at the end of each accounting year during the Performance Commitment Period, engage a qualified accounting firm to conduct a special audit of the realised net profit for the current period of each equity asset and issue a special audit report. Based on such report, the parties shall determine the difference between the cumulative realised net profit of each equity asset up to the end of the current period and the cumulative committed net profit of each equity asset up to the end of the current period. The Performance Commitment Parties shall, based on the results of the special audit report, bear the corresponding performance compensation obligations and compensate the Company in accordance with the agreed compensation method.

(2) Method of Performance Compensation

After the completion of the Transaction, for the mining rights asset group, if, at the end of the last accounting year of the Performance Commitment Period, the cumulative realised net profit of any mining rights asset group fails to reach the cumulative committed net profit, the Performance Commitment Parties shall compensate the Company in accordance with the provisions of the Performance Compensation Agreement. For the equity assets, if, at the end of each accounting year during the Performance Commitment Period, the cumulative realised net profit of any equity asset up to the end of the current period fails to reach its cumulative committed net profit up to the end of the current period, the Performance Commitment Parties shall compensate the Company in accordance with the provisions of the Performance Compensation Agreement.

Among them, China Energy shall first compensate the Company with the Shares of the Company it acquires under the Transaction, and any shortfall shall be compensated in cash. Western Energy shall compensate the Company in cash.

(a) Share Compensation

Where the Performance Commitment Parties compensate the Company with the Shares of the Company obtained under the Transaction, the number of Shares to be compensated shall be calculated as follows:

For any mining rights asset group: Number of Shares to be compensated by the Performance Commitment Parties = (cumulative committed net profit – cumulative realised net profit) \div cumulative committed net profit \times the transaction consideration of the relevant performance commitment asset held by the Performance Commitment Parties \div the issuance price of the Consideration Shares under the Transaction;

For any equity asset: Number of Shares to be compensated by the Performance Commitment Parties for the current period = (cumulative committed net profit up to the end of the current period – cumulative realised net profit up to the end of the current period) \div the total committed net profit \times the transaction consideration of the relevant performance commitment asset held by the Performance Commitment Parties \div the issuance price of the Consideration Shares under the Transaction – the number of Shares already compensated.

In the case of annual compensation, if the calculated number of Shares to be compensated for any period is less than zero, such number shall be taken as zero, and no Shares already compensated shall be reversed.

(b) Cash Compensation

Where China Energy, as a Performance Commitment Party, is unable to fully compensate with the Shares of the Company it holds (including but not limited to reasons such as the Company's shares being frozen, subject to compulsory enforcement, restricted from transfer or non-transferable for other reasons or the transfer of corresponding shares resulting in insufficient holdings) leading to inadequate compensation, the shortfall shall be compensated to the Company in cash. The calculation method for the cash compensation is as follows:

For any mining rights asset group: Cash compensation amount payable by the Performance Commitment Party = (cumulative committed net profit – cumulative realised net profit) ÷ cumulative committed net profit × the transaction consideration of the relevant performance commitment asset held by the Performance Commitment Party – (number of Shares already compensated × the issuance price of the Consideration Shares under the Transaction);

For any equity asset: Cash compensation amount payable by the Performance Commitment Party for the current period = (cumulative committed net profit up to the end of the current period – cumulative realised net profit up to the end of the current period) ÷ the total committed net profit × the transaction consideration of the relevant performance commitment assets held by the Performance Commitment Party – (number of Shares already compensated × the issuance price of the Consideration Shares under the Transaction) – the cash amount already compensated.

Where Western Energy is the Performance Commitment Party, the calculation method for cash compensation is as follows:

Cash compensation amount payable by the Performance Commitment Party = (cumulative committed net profit – cumulative realised net profit) ÷ cumulative committed net profit × the transaction consideration of the relevant performance commitment asset held by the Performance Commitment Party.

When performing calculations according to the above formulas, the following shall be followed:

The portion of cash dividends attributable to the Shares that are required to be compensated by the Performance Commitment Parties and received during the period from the completion date of the Transaction to the date of share compensation shall also be compensated to the Company.

If, during the Performance Commitment Period, the Company distributes bonus Shares or converts capital reserves into share capital, resulting in a change in the number of Shares held by the Performance Commitment Parties, the number of Shares required to be compensated shall be adjusted accordingly: The number of Shares to be compensated by the Performance Commitment Parties for the current period (after adjustment) = the number of Shares to be compensated for the current period (before adjustment) \times (1 + bonus share issuance or conversion ratio).

The number of Shares to be compensated for the current year calculated under the above formulas shall be accurate to a whole Share. If the calculation result contains any decimal portion, such decimal portion shall be discarded and the integer part shall be taken, and any remaining consideration corresponding to less than one Share shall be compensated in cash by the Performance Commitment Parties.

(3) Implementation of Compensation

(a) Share Compensation

After the issuance of the special audit report for the current year of the performance commitment assets (for mining right assets, this refers to the last accounting year of the Performance Commitment Period; for equity assets, this refers to each accounting year of the Performance Commitment Period; the same applies below), if circumstances specified in the Performance Compensation Agreement occur that require the Performance Commitment Parties to compensate the Company with shares, within 10 working days after the disclosure of the special audit report, the Board of the Company shall calculate and determine the number of Shares to be compensated by each compensating obligor in accordance with the Performance Compensation Agreement, and shall notify the Performance Commitment Parties in writing.

The Company shall, within 30 days after the publication of the annual report for the year in which the Performance Commitment Parties are required to make compensation, convene a meeting of the Board to resolve that the compensation Shares held by the Performance Commitment Parties shall be repurchased by the Company at a total consideration of RMB1.00 and cancelled. After the Board has passed such resolution, the Company shall promptly issue a notice to convene a Shareholders' meeting.

If the Shareholders' meeting of the Company approves the share repurchase and cancellation plan, the Board of the Company shall calculate and determine the number of shares to be compensated by the Performance Commitment Parties for the current year according to the prescribed formula, and simultaneously issue a written notice to the Performance Commitment Parties regarding the performance of the compensation obligation. The corresponding compensation shares shall be repurchased at a total price of RMB1.00 and subsequently cancelled. The Performance Commitment Parties shall, within 20 working days from the date of receiving the written notice from the Board of the Company, transfer all the shares to be compensated to the dedicated account designated by the Board of the Company, and cooperate with the Company in the cancellation of such shares. If circumstances specified in the Performance Compensation Agreement occur requiring the simultaneous compensation of cash dividends, the Performance Commitment Parties shall, on the same day as transferring the compensation shares to the dedicated account designated by the Board of the Company pursuant to the foregoing provision, pay the cash dividends corresponding to the number of compensation shares for the current period to the bank account designated by the Company.

If the Shareholders' meeting of the Company does not approve the share repurchase and cancellation plan and decides not to repurchase the compensation shares, then the Board of the Company shall, within 10 working days after the announcement of the Shareholders' meeting resolution, issue a written notice to the Performance Commitment Parties. The Performance Commitment Parties shall, within 20 working days after receiving the written notice from the Board of the Company, and on the premise of complying with relevant securities regulatory laws, rules and regulatory requirements, donate all the shares to be compensated to

the other Shareholders of the Company (excluding the Performance Commitment Parties) as registered on the record date determined by the Board of the Company at that time. The other Shareholders shall receive the donated shares in proportion to their respective shareholdings in the issued Shares of the Company on the record date after deducting the Shares held by the Performance Commitment Parties. If laws, regulations or regulatory authorities have other provisions or requirements regarding the repurchase of compensation shares at that time, such provisions or requirements shall be followed.

The Performance Commitment Parties shall, according to the requirements of the Company, sign relevant written documents and cooperate with the Company in handling matters related to the share repurchase and cancellation under the Performance Compensation Agreement, including but not limited to the Performance Commitment Parties assisting the Company in notifying the securities depository and clearing corporation, etc.

The Performance Commitment Parties commit to ensuring that the Consideration Shares are prioritised for fulfilling the Performance Compensation obligations, and shall not evade compensation obligations through means such as pledging shares. If the Consideration Shares are pledged in the future, the Performance Commitment Parties shall provide written notice to the pledgee regarding the potential Performance Compensation obligation attached to the Consideration Shares under the Performance Compensation Agreement, and shall make clear agreements with the pledgee in the pledge agreement regarding the use of the Consideration Shares for paying Performance Compensation.

(b) Cash Compensation

If it is determined pursuant to the Performance Compensation Agreement that the Performance Commitment Parties, as the compensating obligors, need to provide cash compensation to the Company, within 10 working days after the disclosure of the special audit report for the current year, the Board of the Company shall calculate and determine the cash compensation amount in accordance with the Performance Compensation Agreement and notify the Performance Commitment Parties in writing. The Performance Commitment Parties shall, within 10 working days from the date of receiving the written notice for cash compensation issued by the Company, remit the cash compensation amount in a lump sum to the bank account designated by the Company.

(4) Impairment Test

Upon the expiry of the Performance Commitment Period, the Company shall conduct an impairment test on the performance commitment assets, and an auditing institution with the corresponding qualifications shall issue a special audit opinion on the results of such impairment test. If, at the end of the Performance Commitment Period, the impairment amount of any performance commitment asset $>$ the total number of Shares already compensated during the Performance Commitment Period \times the issuance price of the Consideration Shares under the Transaction $+$ the total cash amount already compensated during the Performance Commitment Period, the Performance Commitment Parties shall additionally compensate the Company for the difference.

The impairment amount of any performance commitment asset shall be calculated as the transaction consideration of such performance commitment asset minus its assessed value at the end of the period, and adjusted for the impact of capital increases, capital reductions, donations received and profit distributions related to such performance commitment asset during the Performance Commitment Period. Where the cumulative present value of net cash flows of a mining rights asset is negative, the impairment amount shall be calculated as the actual present value of net cash flows minus the appraised value of the relevant performance commitment asset at the end of the period, after adjusting for the effects of capital increases, capital reductions, donations received and profit distributions relating to such asset during the Performance Commitment Period.

The assessed value of the performance commitment assets at the end of the period = \sum (the assessed value of each individual mining right/each individual company within the scope of the performance commitment assets at the end of the period \times the equity interest percentage held in such asset by the Target Company to which the asset belongs). The impairment amount of the performance commitment assets held by the Performance Commitment Parties at the end of the period = the impairment amount of the performance commitment asset at the end of the period \times the relevant counterparty's shareholding ratio in the Target Company prior to the Transaction.

When making additional compensation, China Energy shall first compensate with the Shares it obtains in the Transaction, and any shortfall shall be compensated in cash. Western Energy shall compensate in cash.

The number of shares requiring additional compensation = impairment amount of the performance commitment assets held by the Performance Commitment Parties at the end of the period \div the issuance price of the Consideration Shares under the Transaction – the total number of shares already compensated during the Performance Commitment Period.

The cash amount requiring additional compensation = impairment amount of the performance commitment assets held by the Performance Commitment Parties at the end of the period – the issuance price of the Consideration Shares under the Transaction \times the total number of Shares already compensated during the Performance Commitment Period – the total cash amount already compensated during the Performance Commitment Period.

The Company shall conduct the impairment test within 30 working days after the disclosure of the annual report for the final year of the Performance Commitment Period. The Performance Commitment Parties shall, after the formal issuance of the special audit opinion on the impairment test, perform the relevant compensation in accordance with the implementation arrangements for performance compensation.

(5) Compensation Cap

The number of Shares to be compensated by the Performance Commitment Parties for any Performance Commitment Asset shall be capped at the total number of Shares of the Company obtained by the Performance Commitment Parties under the Transaction in respect of the disposal of the equity interest in the Target Company to which such performance commitment asset belongs (including any additional Shares of the Company obtained by the Performance Commitment Parties during the Performance Commitment Period as a result of bonus issue, capitalisation of capital reserves or similar events implemented by the Company).

The aggregate value of the Share compensation and cash compensation paid by the Performance Commitment Parties to the Company for any performance commitment asset shall not exceed the transaction consideration of such performance commitment asset (excluding the circumstances where the Performance Commitment Parties compensate the Company with the additional Shares of the Company acquired during the Performance Commitment Period as a result of dividend distributions, bonus issue or capitalisation of capital reserves by the Company, and the cash dividends received during the Performance Commitment Period).

(6) Liability for Late Payment

If the Performance Commitment Parties fail to complete the compensation within the prescribed period as agreed in the Performance Compensation Agreement, they shall continue to perform their compensation obligations and shall pay to the Company interest on the overdue compensation amount at a daily rate of 0.05%.

B. Impairment Compensation Arrangement for the Market Approach-Priced Portion

Given that certain assets of the Target Companies which were assessed under the asset-based approach were valued using the market approach (the “**Target Tested Assets**”), and in order to fully protect the interests of the Company, China Energy and Western Energy have provided the Company with the Impairment Compensation Undertaking Letter regarding in respect of certain assets valued using the market approach in the Transaction, including buildings and other relevant assets:

(A) Scope of Impairment Compensation Assets

The asset groups comprising the Target Tested Assets are as follows:

Unit: RMB’000

Target Companies	Shareholding Percentage of the Counterparty in the Target Company	Assets Type	Book Value	Assessed Value	Assessed Value Calculated Based on the Target Company’s Equity Interest Percentage in the Underlying Impairment Compensation Assets
Guoyuan Power	100%	Asset group 1: 13 items of buildings	200,423.4	1,159,432.7	1,089,147.1
		Asset group 2: 1 item of land	74,967.3	49,254.6	34,478.2
Xinjiang Energy	100%	Asset group 1: 19 items of buildings	447,836.7	591,048.3	591,048.3
		Asset group 2: 63 items of land	490,620.0	517,104.6	409,268.7
Chemical Company	100%	Asset group 1: 5 items of buildings	318,328.7	404,416.6	319,887.8
		Asset group 2: 10 items of land	1,413,483.0	1,623,618.4	1,570,318.2
Wuhai Energy	100%	Asset group 1: 5 items of buildings	1,492.4	7,385.6	7,385.6
		Asset group 2: 21 items of land	124,144.7	112,233.9	97,446.9
Pingzhuang Coal	100%	Asset group 1: 1 items of buildings	995.5	938.4	478.6
		Asset group 2: 10 items of land	2,494,759.5	2,511,600.9	1,280,916.5

Target Companies	Shareholding Percentage of the Counterparty in the Target Company	Assets Type	Book Value	Assessed Value Calculated Based on the Target Company's Equity Interest Percentage in the Underlying Impairment Compensation Assets	
				Assessed Value	
Inner Mongolia Construction Investment	100%	Asset group: 14 items of land	461,449.5	460,064.5	460,064.5
Shenyan Coal	41%	Asset group: 2 item of land	151,053.4	167,647.8	68,735.6
Jinshen Energy	49%	Asset group 1: 2 items of buildings	9,985.8	15,513.1	7,601.4
		Asset group 2: 24 items of land	66,973.6	125,629.6	55,729.2
Shipping Company	100%	Asset group 1: 24 items for buildings	24,209.3	35,627.4	21,376.4
		Asset group 2: 27 items for ships	3,091,207.0	3,408,670.0	2,979,770.0
Coal Trading Company	100%	Asset group: 34 items of buildings	22,160.7	122,676.6	122,676.6

Note 1: In calculating the assessed value corresponding to the Target Company's equity interest percentage in the underlying impairment compensation assets, the equity impact arising from the Counterparties' non-wholly-owned shareholding in Shenyan Coal and Jinshen Energy has been taken into account.

Note 2: Guoyuan Power and the Chemical Company hold 55% and 35% equity interests, respectively, in Guoneng Baoqing Coal Power & Chemical Co., Ltd. In the table above, for the single building asset located in Baoqing County, Shuangyashan City, Heilongjiang Province, which is held under Guoneng Baoqing Coal Power & Chemical Co., Ltd., the undertaking for impairment compensation is presented separately based on their respective equity interest percentages. Substantively, it relates to the same building asset.

(B) Impairment Compensation Commitment Parties

The parties undertaking the impairment compensation are China Energy and Western Energy.

(C) Impairment Compensation Period

The year in which the Transaction is completed and the two subsequent accounting years shall constitute the impairment compensation period (the “**Impairment Compensation Period**”).

(D) Impairment Compensation Amount

At the end of each accounting year during the Compensation Period, China Energy and Western Energy agree that the Company shall conduct impairment testing on the Target Tested Assets, with impairment testing carried out separately for each asset group. A qualified intermediary institution shall be engaged to issue an impairment test report, and the results of the asset impairment test shall be based on such impairment test report. The impairment amount of each asset group of the Target Tested Assets at the end of the period = the transaction consideration of the relevant asset group – the assessed value of the asset group during the Impairment Compensation Period. The impairment amount at the end of the period equals the aggregate impairment amount at the end of the period for all asset groups of the Target Tested Assets. The aforementioned impairment amount at the end of the period shall take into account the relevant shareholding ratio and shall be adjusted for the impact of capital increases, capital reductions, donations received, profit distributions and the natural reduction in useful life of the Target Tested Assets.

If any asset group of the Target Tested Assets transferred by China Energy and Western Energy incurs an impairment amount at the end of the period (for the avoidance of doubt, the impairment of assets within any asset group shall be calculated on a consolidated basis), China Energy and Western Energy shall compensate the Company. The compensation amount payable for the current year = the impairment amount at the end of the current period (after taking into account the shareholding ratio) – the amount already compensated during the Impairment Compensation Period. The cumulative amount of impairment compensation payable by China Energy and Western Energy in respect of the Target Tested Assets shall not exceed the transaction consideration obtained by China Energy and Western Energy for such Target Tested Assets under the Transaction.

(E) Method of Impairment Compensation

China Energy shall first use the Shares issued to China Energy by the Company under the Transaction for compensation. If such Shares are insufficient, China Energy shall compensate in cash. Western Energy shall compensate in cash. If Shares are used for compensation, the number of Shares to be compensated by China Energy for the current year = the compensation amount payable by China Energy for the current year/the issuance price of the Consideration Shares under the Transaction. If the Company undergoes ex-rights, ex-dividends or other similar events during the Impairment Compensation Period, the number of Shares or the price used for compensation shall be adjusted accordingly. If compensation is made in Shares, the Company has the right, upon the Board/Shareholders' approval of the repurchase and cancellation plan, to repurchase and cancel the Shares to be compensated by China Energy at a consideration of RMB1.00. If the repurchase and cancellation of such shares cannot be implemented (including due to failure to obtain approval from the Board/Shareholders), the Company shall have the right to require China Energy to donate the compensation shares to other Shareholders of the Company or to adopt other compensation methods.

The Company will comply with the applicable disclosure requirements under Rule 14.36B and Rule 14A.63 of the Hong Kong Listing Rules in the event that any performance commitments set out in the Performance Compensation Agreement is not met by China Energy and Western Energy.

5. Pre-reorganisation

To enhance the quality of the Target Companies, focus their operations on core businesses, improve synergies with the Company, and protect the interests of all Shareholders, a series of pre-reorganisation measures were implemented prior to the Transaction under the overall planning of China Energy. Specifically, China Energy has resolved to divest certain low-efficiency assets or assets with limited relevance to the principal businesses held by Guoyuan Power, Xinjiang Energy, Wuhai Energy, Pingzhuang Coal and Baotou Mining. The divested assets mainly include closed or low-efficiency mining rights and new energy assets. In addition, the E-commerce Company is no longer included in the scope of the Target Assets for the Transaction.

As at 31 July 2025, the divested assets had an aggregate net asset value of RMB15,427.30 million; and for the year ended 31 December 2024, the divested assets recorded an aggregate net loss of RMB889.24 million (the above figures are unaudited and calculated in accordance with the PRC Accounting Standards for Business Enterprises).

PROPOSED ISSUANCE OF A SHARES TO RAISE SUPPORTING FUNDS

The Company proposes to issue New A Shares to no more than 35 qualified specific investors. The total amount of supporting funds to be raised shall not exceed 100% of the consideration to be paid by way of issuance of A Shares under the Transaction and the number of New A Shares to be issued shall not exceed 30% of the total share capital of the Company upon completion of the issuance of Consideration Shares. All target subscribers shall subscribe for New A Shares to be issued under the Proposed Issuance of A Shares at the same price in cash. After review by the SSE and registration approval by the CSRC, the number of A Shares to be issued will be determined based on the results of price inquiry.

The Proposed Issuance of A Shares is conditional on the implementation of the Transaction while the Transaction is not conditional on the completion of the Proposed Issuance of A Shares.

The details of the Proposed Issuance of A Shares are as follows:

Type, Par Value and Listing Venue of Shares to be Issued	Domestic listed ordinary shares denominated in RMB (A Shares) with a par value of RMB1.00 per Share, which will be listed on the SSE. New A Shares to be issued will rank pari passu in all respects with the A Shares in issue at the time of the issuance of such New A Shares.
Issue Method, Target Subscriber, and Subscription Method	<p>The Company intends to issue New A Shares to no more than 35 specific subscribers by way of price enquiry to raise supporting funds. The target subscribers are legal persons, natural persons, or other legitimate investment organisations that meet the conditions specified by the CSRC.</p> <p>As at the date of this announcement, the Company expected that the New A Shares will be issued to subscribers who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons, and none of them will become substantial Shareholders upon completion of their respective subscriptions of New A Shares. The Proposed Issuance of A Shares will be subject to compliance with the public float requirements under the Hong Kong Listing Rules.</p>

**Pricing Basis, Pricing
Benchmark Date and
Issuance Price for
Shares to be Issued**

Pursuant to the Administrative Measures for the Registration of Securities Offerings of Listed Companies and other applicable regulatory requirements, the pricing benchmark date for the Proposed Issuance of A Shares is the first day of the issuance period of New A Shares, as required under the applicable regulatory provisions, and the issuance price will not be less than 80% of the average trading price of the Company's A Shares for the 20 trading days prior to the pricing benchmark date, and shall not be less than the latest audited net assets per Share attributable to shareholders of the Company as at the time of issuance as calculated in accordance with the PRC Accounting Standards for Business Enterprises (subject to corresponding adjustments if the Company has any ex-rights and ex-dividend events, such as distribution of dividend, bonus issue, capitalisation issue or rights issue, during the period from the balance sheet date for its latest audited financial report to the pricing benchmark date). After the Proposed Issuance of A Shares has been reviewed by the SSE and registered and consented with the CSRC, the specific issuance price will be determined by the Board with the authorisation of the general meeting in accordance with the requirements of the relevant laws, administrative regulations and normative documents and in consultation with the financial adviser (being lead underwriter) for the Proposed Issuance of A Shares based on price enquiry.

The Board will ensure that the issuance price of the New A Shares, as well as the adjusted issue price (if applicable), shall under no circumstances represent a discount of 20% or more to the benchmarked price as defined under Rule 13.36(5) of the Hong Kong Listing Rules.

**Number of Shares to be
Issued**

The number of New A Shares to be issued = The amount of supporting funds to be raised ÷ The issuance price per New A Share. If the calculation result of the number of Shares to be issued is less than one Share, it shall be rounded down.

The total amount of supporting funds to be raised shall not exceed RMB20,000 million and the number of New A Shares to be issued shall not exceed 30% of the total share capital of the Company upon completion of the Transaction, such 30% cap being a regulatory upper limit prescribed under the Administrative Measures for the Registration of Securities Offerings of Listed Companies (《上市公司證券發行註冊管理辦法》) and not implying that the Company intends to issue New A Shares up to such level. All target subscribers shall subscribe for New A Shares to be issued under the Proposed Issuance of A Shares at the same price in cash. After being reviewed by the SSE and registered with the CSRC, the number of shares to be issued under the Proposed Issuance of A Shares will be determined based on the results of price inquiry.

Lock-up Period

The target subscribers under the Proposed Issuance of A Shares shall not transfer the New A Shares within six months from the completion date of issuance of the New A Shares. From the listing date of the A Shares issued to the unlocking date of such shares, if the target subscribers acquire additional Shares of the Company as a result of the ex-rights and ex-dividend events of the Company, such as capitalisation of capital reserve, capitalisation of retained profit, share split, merger, rights issue, and distribution of dividend, any such additional Shares shall also be subject to the above lock-up arrangement. Upon the expiry of the above lock-up period, the transfer and trading of such Shares shall be conducted in accordance with the then applicable laws and the rules of the SSE.

If the lock-up requirements applicable to the Shares subscribed for under the Transaction are inconsistent with the latest regulatory opinions of the securities regulatory authorities, the Company and the subscribers shall make corresponding adjustments in accordance with such regulatory opinions.

Use of Proceeds to be Raised

The proposed size of the supporting funds to be raised shall not exceed RMB20,000 million, all of which will be used to pay the cash consideration for the Transaction, as well as intermediary fees and relevant taxes.

The Transaction is not conditional on the implementation of the Proposed Issuance of A Shares and its implementation is also not subject to whether or not New A Shares are ultimately issued to raise supporting funds. If the Company fails in successfully implementing the Proposed Issuance of A Shares to raise supporting funds or the actual proceeds raised is less than the fund requirements for the use of proceeds to be raised, the Company will address the shortfall through its own or self-financing funds.

Prior to the receipt of the supporting funds, the Company may make advance payments using its self-financing funds for the intended uses of the supporting funds, and such amounts will be replaced upon the actual receipt of the raised funds.

Arrangements for the Accumulated Undistributed Profits

The Company's accumulated undistributed profits accrued prior to the issuance of the New A Shares shall, from the date of completion of the issuance of the New A Shares, be jointly shared by the existing and new Shareholders of the Company after such issuance in proportion to their respective shareholdings as registered with CSDC.

General Mandate

The New A Shares to be issued under the Proposed Issuance of A Shares will be issued pursuant to the General Mandate. The maximum number of A Shares that can be issued under the General Mandate is 3,298,207,591 A Shares. As at the date of this announcement, (i) no A Shares have been issued pursuant to the General Mandate; and (ii) the General Mandate is expected to be sufficient for the issuance of both the Consideration Shares and the New A Shares to be issued under the Proposed Issuance of A Shares.

In forming this expectation, the Company notes that, after issuing the Consideration Shares, the remaining capacity under the General Mandate will be approximately 1,934,959,145 A Shares. The Company has also taken into account (a) the proposed fundraising cap of RMB20,000 million for the Proposed Issuance of A Shares; and (b) the minimum issuance price requirements and other restrictions under the applicable laws and regulations, which collectively limit the maximum number of New A Shares that may ultimately be issued. Based on these factors, the Company does not expect the number of New A Shares to exceed the remaining capacity under the General Mandate.

However, if the number of new A Shares to be issued exceeds the maximum number available for issue under the General Mandate, the Company will seek a separate specific mandate from its Shareholders to approve the issuance accordingly.

The validity period of the Proposed Issuance of A Shares is twelve months from the date on which the Shareholders approve the relevant resolution. If the Company obtains the approval from the CSRC for the Proposed Issuance of A Shares within such validity period, the validity period shall automatically extend to the date of completion of the Proposed Issuance of A Shares.

REASONS AND BENEFITS OF THE TRANSACTION AND THE PROPOSED ISSUANCE OF A SHARES

1. The Transaction

Background of the Transaction

The coal industry has entered a new stage of high-quality development: As the “ballast stone” for national energy security, coal plays an important role in the supply assurance system. In its Guiding Opinions on Energy Work (《能源工作指導意見》) for 2025, the National Energy Administration proposed enhancing intensive and large-scale development, promoting the construction of coal supply assurance bases, and further advancing clean and efficient utilisation and intelligent development, marking the industry’s entry into a new stage of safe, intelligent and green development. The Company’s mergers and acquisitions (M&A) and restructuring will help integrate resources, build a resilient supply system, and promote transformation and upgrading.

Favourable policy and market environment for M&A and restructuring: In recent years, the CPC Central Committee and the State Council have attached great importance to capital market reform and the improvement of the quality of listed companies. Accordingly, the authorities have issued policies such as the Opinions on Further Improving the Quality of Listed Companies (《關於進一步提高上市公司質量的意見》) and the Several Opinions on Strengthening Supervision and Preventing Risks to Promote the High-quality Development of the Capital Market (《關於加強監管防範風險推動資本市場高質量發展的若干意見》), which encourage listed companies to focus on their principal businesses and integrate premium resources. In September 2024, the CSRC issued the Opinions on Deepening the Reform of the M&A and Restructuring Market of Listed Companies (《關於深化上市公司併購重組市場改革的意見》) to support the consolidation of listed companies in line with the country’s strategic emerging industries and industry chains, and in May 2025 revised the Administrative Measures for the Major Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) to streamline the review and registration processes. The SASAC has also reiterated on multiple occasions that central state-owned enterprises (“SOEs”) should focus on their principal businesses and promote M&A and restructuring activities that are conducive to enhancing investment value.

Mature conditions for non-competition commitment: Since 2005, China Energy and the Company have entered into multiple Non-Competition Agreements and relevant supplemental agreement, which set out the arrangements and deadline (27 August 2028) for asset injection. As at the date of this announcement, the Company has progressively completed a series of asset consolidations related to the avoidance of competition, achieving phased progress in the relevant integration efforts. Currently, the remaining assets within the scope of China Energy's commitment that have not yet been injected have largely met the conditions for injection. The Transaction is an important move by China Energy to honour its commitments to the capital market and further resolve the issue of competition in the same industry.

Purposes of the Transaction

Act on energy security strategies and improve the supply assurance system: The Company will consolidate the assets of resource bases in Xinjiang, Inner Mongolia, Shaanxi and Shanxi as well as port shipping and logistics assets, to boost collaboration among regions, enhance emergency supply capabilities during critical periods such as summer (for cooling) and winter (for heating), and shape a more reliable national system for emergency energy assurance.

Act on reform requirements and serve as a model for central SOE restructuring: The Company will invest in the premium coal, pithead coal power and coal chemical assets of China Energy. The move will consolidate and optimise resources across the industry chain, lift asset quality, economies of scale, risk resilience and profitability, demonstrate the support of the controlling shareholder, and serve as a model for SOE restructuring.

Address competition in the same industry and protect minority shareholders: The Company will make a one-off injection of premium core assets to eliminate business overlaps with the controlling shareholder, enhance scale and profitability, regulate the governance structure, and effectively safeguard the legitimate rights and interests of minority shareholders.

Enhance core functions and competitiveness: The Company will consolidate the coal, pithead coal power, coal chemical, and logistics business, improve resource reserves and core production capacity, optimise the layout across the industry chain, and pursue lower costs and higher profitability. As such, the Company will deliver the "1+1>2" effect and help build a world-class integrated energy firm as a competitive listed company on the global stage.

Upon completion of the Transaction, the scale of the Company's operations will be substantially enlarged, with a material increase in coal recoverable reserves and coal production capacity. The nationwide layout of premium coal resources will be further enhanced, enabling the Company to better respond to potential future growth in coal demand. Through the integration of high-quality resource bases and related supporting assets, the Company's integrated operational advantages will be further strengthened, its core business scale will continue to expand, and its overall asset quality and profitability will be enhanced, thereby generating more stable and long-term returns for the Shareholders.

In the course of planning the Transaction, the Board of the Company also gave due consideration to the feasibility of acquiring similar high-quality resources held by other third parties or industry peers through market-oriented transactions. However, due to factors including the relative scarcity of premium coal resources, the concentration of such resources within large energy groups, the absence of clear disposal intentions on the part of certain potential targets, as well as the higher pricing uncertainty and greater execution complexity associated with market-based transactions, such alternative options were subject to significant constraints in terms of feasibility and certainty and did not result in a practicable implementation pathway.

After prudently considering the potential impact of different financing methods on the Company's capital structure, financial prudence and future operational flexibility, the Board is of the view that sole reliance on debt financing could, to a certain extent, increase the Company's financial burden and operational constraints. Taking into account considerations relating to financial costs, potential earnings per share dilution and the post-Transaction impact on the Company's profitability, the Board ultimately adopted the Transaction structure comprising a combination of share and cash consideration, supplemented by necessary supporting financing, with a view to enhancing earnings per share and creating higher returns for Shareholders. The Board considers that such arrangement is conducive to achieving a balanced enhancement of asset scale and profitability while maintaining prudent financial risk management, and is in the interests of the Company and its Shareholders as a whole.

2. Proposed Issuance of A Shares

The proceeds from the Proposed Issuance of A Shares will be used entirely to pay the cash consideration for the Transaction, as well as the intermediary fees and relevant taxes incurred in connection with the Transaction.

IMPACT ON THE COMPANY'S EQUITY STRUCTURE

As at the date of this announcement, the total issued share capital of the Company is 19,868,519,955 Shares, which comprises 16,491,037,955 A Shares and 3,377,482,000 H Shares.

As the number and price of New A Shares to be issued under the Proposed Issuance of A Shares has not been determined as at the date of this announcement, its impact on the shareholding structure of the Company cannot be accurately assessed.

For illustration purpose, set out below is the shareholding structure of the Company:

- (i) as at the date of this announcement; and
- (ii) immediately after completion of the Transaction (on the basis that the consideration for the purchase of Target Assets to be settled by way of issuance of Consideration Shares is RMB40,080 million, and assuming that (a) there will not be any further adjustments to the issue price of the Consideration Shares of RMB29.40 per Consideration Share; and (b) there will be no change in the total issued share capital of the Company since the date of this announcement save for the issuance of the A Shares pursuant to the Asset Purchase Agreement (as supplemented by the Supplemental Agreement)).

Name of Shareholder	Class of Shares	Shareholding as at the date of this announcement			Shareholding immediately after completion of the Transaction		
		Number of Shares (share)	Approximate percentage of the issued share capital of the relevant class (%)	Approximate percentage of the total issued share capital (%)	Number of Shares (share)	Approximate percentage of the issued share capital of the relevant class (%)	Approximate percentage of the total issued share capital (%)
China Energy Group ^(Note 1)	A Shares	13,824,302,724	83.83	69.58	15,187,551,170	85.06	71.53
Public A Shareholders	A Shares	2,666,735,231	16.17	13.42	2,666,735,231	14.94	12.56
Public H Shareholders	H Shares	3,377,482,000	100.00	17.00	3,377,482,000	100.00	15.91
Total		<u>19,868,519,955</u>	<u>-</u>	<u>100.00</u>	<u>21,231,768,401</u>	<u>-</u>	<u>100.00</u>

Notes:

1. As at the date of this announcement and immediately after the completion of the Transaction, Capital Holdings, a wholly-owned subsidiary of China Energy, directly held 11,593,528 A Shares of the Company.
2. The approximate percentage figures are rounded to the nearest two decimal places and therefore, may not add up to 100% due to rounding.

IMPACT ON THE KEY FINANCIAL INDICATORS OF THE COMPANY

Based on the financial information of the Company prepared in accordance with the PRC Accounting Standards for Business Enterprises on a consolidated basis, including the audited financial statements for the year 2024, the unaudited financial data for the period from January to July 2025, and the pro forma financial information of the Enlarged Group, and without taking into account the supporting funds to be raised under the Proposed Issuance of A Shares, the financial data of the Company before and after the completion of the Transaction are as follows:

Unit: RMB100 million

Items	For the period from January to July 2025/As at 31 July 2025		For the year of 2024/As at 31 December 2024	
	Before completion of the Transaction	After completion of the Transaction	Before completion of the Transaction	After completion of the Transaction
Total assets	6,359	8,966	6,680	9,167
Total liabilities	1,597	3,905	1,714	3,997
Equity attributable to equity holders of the Company	4,065	4,190	4,196	4,235
Total revenue	1,623	2,065	3,397	4,322
Net profit attributable to equity holders of the Company after excluding non-recurring items	293	326	590	669
Gearing ratio (%)	25.11	43.55	25.65	43.60
Basic earnings per Share after excluding non-recurring items (RMB/Share)	1.47	1.54	2.97	3.15

HONG KONG LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Hong Kong Listing Rules, if a series of connected transactions are all entered into or completed within a same 12-month period or are otherwise related with each other, such transactions shall be calculated on an aggregate basis and treated as a single transaction. Having considered the transactions of the same nature between the Company and its subsidiaries and China Energy and its associates which were entered into within the past 12 months, as one or more of the applicable percentage ratios calculated on an aggregated basis exceed 25% but are less than 100%, the Transaction constitutes a major transaction of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

As at the date of this announcement, China Energy is the controlling shareholder of the Company, and Western Energy is a wholly-owned subsidiary of China Energy and hence an associate of China Energy. Therefore, China Energy and Western Energy are connected persons of the Company. The Transaction constitutes a connected transaction of the Company under the Hong Kong Listing Rules and is subject to the report, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The completion of the Transaction will not result in a change in control of the Company and China Energy is expected to remain the controlling shareholder of the Company upon completion of the Transaction.

FUND-RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund-raising activities during the period of 12 months preceding the date of this announcement.

INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISER

Pursuant to the Hong Kong Listing Rules, the Independent Board Committee has been formed to advise the Independent Shareholders on the Transaction. Somerley has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transaction.

APPROVAL OF THE BOARD

The Board has resolved and approved the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) and the transaction thereunder and the Proposed Issuance of A Shares on 19 December 2025. Among the Directors attending the Board meeting, the Abstained Directors have abstained from voting on the relevant resolution as they are considered to have a material interest in the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) and the transaction and the Proposed Issuance of A Shares thereunder due to their employment with China Energy.

The Directors consider that the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) and the transaction thereunder and the Proposed Issuance of A Shares is conducted on normal commercial terms, and the terms and conditions thereof are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

EGM

An EGM will be convened by the Company to consider, and if thought fit, approve, among other matters if applicable, the resolutions contained in the notice of the EGM in relation to the Transaction and the Proposed Issuance of A Shares. The voting in relation to such resolutions will be conducted by way of poll.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save for China Energy, no Shareholders and their associates has any material interest in the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement). and the transactions contemplated thereunder and the Proposed Issuance of A Shares. As such, save for China Energy and its associates, none of the Shareholders are required to abstain from voting in favour of the resolution approving the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) and the transactions contemplated thereunder and the Proposed Issuance of A Shares. As at the date of this announcement, China Energy and its wholly-owned subsidiary, Capital Holdings, together owns 13,824,302,724 Shares, representing approximately 69.58% of the total issued Shares.

A circular containing, among other things, (i) details of the Transaction and the Proposed Issuance of A Shares; (ii) a letter of advice from the Independent Board Committee on the Transaction; (iii) the letter from Somerley to the Independent Board Committees and the Independent Shareholders regarding the Transaction; and (iv) financial information of the Target Companies; (v) unaudited pro forma financial information of the Enlarged Group; (vi) a summary of the Asset Valuation Reports and the key valuation information from the summaries of the Asset Valuation Reports; (vii) certain other information required by the Hong Kong Listing Rules; and (viii) the notice of the EGM at which relevant resolutions will be proposed to consider and approve the Transaction and the Proposed Issuance of A Shares is expected to be despatched to the Shareholders on or before 14 January 2026 pursuant to the requirements under the Hong Kong Listing Rules.

DEFINITIONS

“A Share(s)”	the domestic shares denominated in RMB and listed on the SSE that are issued to domestic investors by the Company
“Abstained Directors”	Mr. Kang Fengwei and Mr. Li Xinhua, who had abstained from voting as Directors on the relevant Board resolution(s) relating to the Transaction and the Proposed Issuance of A Shares
“Administrative Measures for Restructuring”	Administrative Measures for Major Asset Restructuring of Listed Companies
“Asset Purchase Agreement”	the asset purchase agreement for the acquisition by way of share issuance and cash payment entered into among the Company, China Energy and Western Energy on 15 August 2025, pursuant to which the Company conditionally agreed to acquire the Target Assets through issuance of Shares and cash payments
“Asset Valuation Report(s)”	the asset valuation report(s) on each of the Target Companies and Target Assets prepared by either China Enterprise Appraisal or China United Appraisal
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Baotou Mining”	China Energy Baotou Mining Co., Ltd.
“Board”	the board of directors of the Company
“Capital Holdings”	China Energy Capital Holdings Co., Ltd.

“Chemical Company”	China Shenhua Coal Liquefaction and Chemical Company Limited
“China Energy”	China Energy Investment Corporation Limited (國家能源投資集團有限責任公司), the controlling Shareholder of the Company as defined under the Hong Kong Listing Rules, and one of the Counterparties to the Transaction
“China Enterprise Appraisal”	China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), an independent valuer
“China United Appraisal”	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), an independent valuer
“Closing”	closing of the Transaction
“Closing Date”	the date on which China Energy and Western Energy deliver the Target Assets to the Company, which shall be determined by negotiation among the parties; all rights, obligations and risks of the Target Assets will be transferred to the Company from the Closing Date
“Coal Trading Company”	Shenhua Coal Trading Co., Ltd.
“Company” or “Purchaser”	China Shenhua Energy Company Limited (中國神華能源股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the H shares of which are listed on the Hong Kong Stock Exchange and the A shares of which are listed on the SSE
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Consideration Shares”	the New A Shares to be issued to China Energy by the Company as partial consideration for the Target Assets (excluding the 100% equity interest in Inner Mongolia Construction Investment) under the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement)

“controlling shareholder(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Counterparties”	China Energy and Western Energy
“CSDC”	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“EGM”	the first extraordinary general meeting for 2026 of the Company to be held
“Effective Date”	the date on which all the conditions precedent agreed in the Asset Purchase Agreement (as supplemented by the Supplemental Asset Purchase Agreement) are satisfied
“Enlarged Group”	the Group immediately after the completion of the Transaction
“General Mandate”	the unconditional general mandate granted to the Board by a special resolution of the Shareholders passed at the extraordinary general meeting of the Company held on 24 October 2025 to separately or concurrently issue A Shares and/or H Shares, with the total number of such A Shares and/or H Shares to be issued shall not exceed each of 20% of the issued A Shares and/or H Shares of the Company as at the date of passing the said resolution
“Group”	the Company and its subsidiaries
“Guoyuan Power”	Guoyuan Electric Power Co., Ltd.
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS Accounting Standards”	International Financial Reporting Accounting Standards issued by the International Accounting Standards Board
“Impairment Compensation Undertaking Letter”	the impairment compensation undertaking letter dated 19 December 2025 issued by China Energy and Western Energy to the Company in respect of certain assets valued using the market approach under the Transaction, including, among others, buildings and land use rights
“Independent Board Committee”	the independent board committee of the Board, comprising Dr. Yuen Kwok Keung, Dr. Chen Hanwen and Mr. Wang Hong, all being the independent non-executive Directors of the Company
“Independent Financial Adviser” or “Somerley”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Transaction
“Independent Shareholders”	the Shareholders who are not required to abstain from voting in favour of the resolution for approving the proposed resolutions under the Hong Kong Listing Rules
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not the Company’s connected persons and their associates (as defined under the Hong Kong Listing Rules)
“Inner Mongolia Construction Investment”	Guodian Construction and Investment Inner Mongolia Energy Co., Ltd.
“Jinshen Energy”	Shanxi Province Jinshen Energy Co., Ltd.

“Last Trading Day”	1 August 2025, being the last trading day of the A Shares on the SSE immediately prior to the date of the Asset Purchase Agreement
“New A Shares”	A Shares to be issued by the Company under the Proposed Issuance of A Shares
“Non-Competition Agreement and Relevant Supplemental Agreements”	the Non-Competition Agreement dated 24 May 2005, the Supplemental Agreement to the Non-Competition Agreement dated 27 April 2018, and the Second Supplemental Agreement to the Non-Competition Agreement dated 28 April 2023, each entered into between the Company and China Energy, together with the non-competition undertaking made by China Energy on 27 June 2014. For details, please refer to the Company’s H-share announcements dated 27 June 2014, 2 March 2018 and 28 April 2023
“Performance Compensation Agreement”	the performance compensation agreement entered into among the Company, China Energy and Western Energy on 19 December 2025 in relation to the Transaction
“Pingzhuang Coal”	Inner Mongolia Pingzhuang Coal (Group) Co., Ltd.
“pithead coal power”	an energy conversion model of “local coal mining, local power generation, and substituting coal transportation with power transmission” achieved through coal-fired power plants constructed near coal mining areas (typically within ≤50 kilometers) that utilise conveyor belts, short-haul rail or road transport for coal delivery
“Port Company”	China Energy Port Co., Ltd.
“PRC”	the People’s Republic of China
“Pricing Benchmark Date”	the pricing benchmark date of the issuance of Consideration Shares, which is the announcement date of the resolutions passed at the twelfth meeting of the sixth session of the Board of the Company, i.e. 16 August 2025

“Proposed Issuance of A Shares”	the proposed issuance of New A Shares by the Company to no more than 35 (including 35) target subscribers to raise ancillary funds
“RMB”	the lawful currency of the PRC
“Share(s)”	the ordinary shares of RMB1.00 each in the share capital of the Company, comprising A Share(s) and H Share(s)
“Shareholder(s)”	the shareholder(s) of the Company
“Shenyan Coal”	China Energy Shaanxi Shenyan Coal Co., Ltd.
“Shipping Company”	China Energy Shipping Co., Ltd.
“SSE”	the Shanghai Stock Exchange
“State Council”	the State Council of the People’s Republic of China
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council
“Supplemental Asset Purchase Agreement”	the supplemental asset purchase agreement to the Asset Purchase Agreement entered into among the Company, China Energy and Western Energy on 19 December 2025
“subsidiary(ies)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Target Assets”	100% equity interests in Guoyuan Power, 100% equity interests in Xinjiang Energy, 100% equity interests in Chemical Company, 100% equity interests in Wuhai Energy, 100% equity interests in Pingzhuang Coal, 100% equity interests in Inner Mongolia Construction Investment, 41% equity interests in Shenyan Coal, 49% equity interests in Jinshen Energy, 100% equity interests in Baotou Mining, 100% equity interests in Shipping Company, 100% equity interests in Coal Trading Company, and 100% equity interests in Port Company

“Target Companies”	Guoyuan Power, Xinjiang Energy, Chemical Company, Wuhai Energy, Pingzhuang Coal, Inner Mongolia Construction Investment, Shenyang Coal, Jinshen Energy, Baotou Mining, Shipping Company, Coal Trading Company, and Port Company
“Transaction”	the acquisition of the Target Assets by the Company through the issuance of Consideration Shares and/or cash payments under the Asset Purchase Agreement and the Supplemental Asset Purchase Agreement
“Transition Period”	the period from the Valuation Benchmark Date (excluding the Valuation Benchmark Date) to the Closing Date (including the Closing Date)
“Valuation Benchmark Date”	the benchmark date for auditing and evaluating the Target Assets, as agreed upon by all parties for the implementation of the Transaction, i.e. 31 July 2025
“Western Energy”	China Energy Western Energy Investment Co., Ltd., one of the Counterparties to the Transaction
“Wuhai Energy”	China Energy Wuhai Coal Group Corporation Limited
“Xinjiang Energy”	China Energy Xinjiang Energy & Chemical Co., Ltd.
“%”	per cent

By order of the Board
China Shenhua Energy Company Limited
Song Jinggang

Chief Financial Officer and Secretary to the Board of Directors

Beijing, 19 December 2025

As at the date of this announcement, the Board comprises the following: Mr. Zhang Changyan as executive director, Mr. Kang Fengwei and Mr. Li Xinhua as non-executive directors, Dr. Yuen Kwok Keung, Dr. Chen Hanwen and Mr. Wang Hong as independent non-executive directors, and Ms. Jiao Lei as employee director.

APPENDIX I PRINCIPAL ASSUMPTIONS UNDERLYING THE PROFIT FORECAST

I. Guoyuan Power

Major Appraisal Assumptions

(I) General Assumptions

1. It is assumed that all assets to be appraised are already in the process of a transaction, and the appraiser simulates the market to appraise said assets based on the transaction conditions;
2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;
3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties; the company operates in compliance with laws and regulations and is capable of generating proper profits to maintain its going concern status. It is assumed that all categories of the company's operating assets can continue to be utilized in their current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;
4. It is assumed that the external economic environment as of the Valuation Benchmark Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social situation of the regions where the parties involved in the transaction are located;
5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;
6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;

7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;
8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Valuation Benchmark Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Valuation Benchmark Date;
9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;
10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;
11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;
12. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;
13. It is assumed that the cash inflows and outflows of the target company after the Valuation Benchmark Date occur evenly over time.

(II) Special Assumptions

None.

II. Xinjiang Energy

Major Appraisal Assumptions

1. It is assumed that all appraisal targets are in the process of being traded, and the appraisers simulate the market based on the transaction conditions of the appraised assets;
2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;
3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining useful life of the mine;
4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;
5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations throughout the remaining useful life of the mine;
6. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the Valuation Benchmark Date;
7. It is assumed that the management of the appraised entity after the Valuation Benchmark Date will remain responsible and stable, with the ability to perform their duties;
8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
9. It is assumed that after the Valuation Benchmark Date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;
10. It is assumed that after the Valuation Benchmark Date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the Valuation Benchmark Date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;
12. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and cash outflows will be at an average rate;
13. As at the Valuation Benchmark Date, the subsidiaries of the appraised entity enjoy preferential enterprise income tax policies under the Western Development Programme, with corporate income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;
14. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;
15. It is assumed that after the Valuation Benchmark Date and starting from 2034, Shenhua Xinjiang Energy Company Limited Wudong Coal Mine will begin to levy mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C. Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;
16. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness;
17. It was assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;
18. It was assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;
19. It is assumed that the Xinjiang Shenhua Mining Company Limited Hongshaquan No. 1 Open-Pit Coal Mine held by the subsidiary CHN Energy Xinjiang Mining Co., Ltd., will obtain approval for the capacity expansion in 2026 and will commence production at an annual capacity of 31 million tonnes from 2027;

20. It is assumed that the Zhundong Open-pit Coal Mine held by the subsidiary Guoneng Xinjiang Zhundong Energy Co., Ltd. will obtain approval for the expansion and capacity increase of the Zhundong Open-Pit Coal Mine in 2027, and will commence production at an annual capacity of 35 million tonnes in the future.

It is assumed that starting from 2040, CHN Energy Xinjiang Energy Co., Ltd. Changji Tunbao Coal Mine will begin to pay mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C. Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

It is assumed that starting from 2036, CHN Energy Xinjiang Energy Chemical Co., Ltd. Toksun County Heishan Open-pit Coal Mine will begin to pay mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C. Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

It is assumed that starting from 2032, Xinjiang Shenhua Mining Co., Ltd Hongshaquan No.1 Open-pit Coal Mine will begin to pay mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C. Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

It is assumed that starting from 2028, Xinjiang Qitai County Xiheishan Mining Area Hongshaquan No.2 Open-pit Coal Mine will begin to pay mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C. Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

It is assumed that starting from 2041, Guoneng Xinjiang Zhundong Energy Co., Ltd. Zhundong Open-pit Coal Mine will begin to pay mining rights transfer income annually in accordance with the provisions of the *Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method* (C. Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;

16. It is assumed that CHN Energy Xinjiang Energy Chemical Co., Ltd. will continue to charge Guoneng Xinjiang Toksun Energy Co., Ltd. mining rights usage fees at the current level, and CHN Energy Xinjiang Mining Co., Ltd. will charge Guoneng Xinjiang Hongshaquan Energy Co., Ltd. and Guoneng Xinjiang Mining Hongshaquan No. 2 Coal Mine Co., Ltd. mining rights usage fees at the current level.

III. Chemical Company

Major Appraisal Assumptions

(I) General Assumptions

1. It is assumed that all assets to be appraised are already in the process of a transaction, and the appraiser simulates the market to appraise said assets based on the transaction conditions;
2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;
3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties; the company operates in compliance with laws and regulations and is capable of generating proper profits to maintain its going concern status. It is assumed that all categories of the company's operating assets can continue to be utilized in their current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;
4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social situation of the regions where the parties involved in the transaction are located;
5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;

6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;
7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;
8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;
9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;
10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;
11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;
12. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;
13. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

IV. Wuhai Energy

Major Appraisal Assumptions

1. It is assumed that all appraisal targets are in the process of being traded, and the appraisers simulate the market based on the transaction conditions of the appraised assets;
2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;
3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining service life of the mines;
4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;
5. Given the actual status of the assets on the Valuation Benchmark Date, it is assumed that the company will continue operation throughout the remaining service life of the mines;
6. It is assumed that there will be no significant changes in the interest rates, tax bases and rates, or policy-related levies related to the appraised entity after the Valuation Benchmark Date;
7. It is assumed that the management of the appraised entity after the Valuation Benchmark Date will remain responsible and stable, with the ability to perform their duties;
8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
9. It is assumed that after the Valuation Benchmark Date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;
10. It is assumed that after the Valuation Benchmark Date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the Valuation Benchmark Date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;
12. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and cash outflows will be at an average rate;
13. As at the Valuation Benchmark Date, the subsidiaries of the appraised entity enjoy preferential enterprise income tax policies under the Western Development Programme, with corporate income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;
14. It is assumed that after the Valuation Benchmark Date, the appraised entity's products or services will maintain their current market competitiveness;
15. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;
16. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;
17. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;
18. It is assumed that CHN Energy Wuhai Energy Co., Ltd. will continue to charge coal resource usage fees to Wuhai Lutian Mining Co., Ltd., Guoneng Wuhai Energy Wuhushan Mining Co., Ltd., Guoneng Wuhai Energy Huangbaici Mining Co., Ltd., and Wuhai Gongwusu Coal Industry Co., Ltd. at the current level;
19. It is assumed that Shenhua Group Haibowan Mining Co., Ltd. Pinggou Coal Mine will complete the technological transformation and reach production capacity by 2030, and Shenhua Group Haibowan Mining Co., Ltd. Gongwusu Coal Mine Shaft No. 3 will complete the technological transformation and reach production capacity by 2029.

V. Pingzhuang Coal

Major Appraisal Assumptions

1. It is assumed that all appraisal targets are in the process of being traded, and the appraisers simulate the market based on the transaction conditions of the appraised assets;
2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;
3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner during the service lives of the mines;
4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;
5. Given the actual status of the assets on the Valuation Benchmark Date, it is assumed that the company will continue operations during the service lives of the mines;
6. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the Valuation Benchmark Date;
7. It is assumed that the management of the appraised entity after the Valuation Benchmark Date will remain responsible and stable, with the ability to perform their duties;
8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
9. It is assumed that after the Valuation Benchmark Date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;

10. It is assumed that after the Valuation Benchmark Date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;
11. It is assumed that after the Valuation Benchmark Date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;
12. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and cash outflows will be at an average rate;
13. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;
14. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;
15. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;
16. As of the Valuation Benchmark Date, Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. enjoys the preferential enterprise income tax policy for the Western Development, with enterprise income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030. This appraisal assumes that after the preferential enterprise income tax policy for the Western Development expires, a 25% tax rate will be applied;
17. It is assumed that starting from 2067, Inner Mongolia Pingxi Baiyinhua Coal Industry Co., Ltd. will begin to pay mining rights transfer income annually in accordance with the provisions of the Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method (C. Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;
18. The mining right for Baiyinhua No. 1 Coal Mine within this appraisal scope currently has a production capacity indicator gap of five million tonnes per year. It is assumed in this appraisal that the enterprise will acquire the corresponding production capacity indicators on a compensatory basis, with a cash outflow of RMB140 per tonne (inclusive of tax) considered in Phase I;
19. It is assumed that after the valuation benchmark date, the appraised entity's products or services will maintain their current market competitiveness.

VI. Inner Mongolia Construction Investment

Major Appraisal Assumptions

1. It is assumed that all appraisal targets are in the process of being traded, and the appraisers simulate the market based on the transaction conditions of the appraised assets;
2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;
3. It is assumed that the appraised assets will continue to be used according to their current usage and mode of operation throughout the remaining service life of the mine;
4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;
5. Based on the actual condition of the assets on the valuation benchmark date, it is assumed that the enterprise will continue as a going concern throughout the remaining service life of the mine;
6. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the Valuation Benchmark Date;
7. It is assumed that the management of the appraised entity after the Valuation Benchmark Date will remain responsible and stable, with the ability to perform their duties;
8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
9. It is assumed that after the Valuation Benchmark Date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;
10. It is assumed that after the Valuation Benchmark Date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;

11. It is assumed that after the Valuation Benchmark Date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;
12. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and cash outflows will be at an average rate;
13. It is assumed that the market competition conditions for the products or services of the appraised entity will remain the same as at present after the Valuation Benchmark Date;
14. It is assumed that the mineral resource reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;
15. It is assumed that there will be no significant changes in the mining technology used by the appraised entity in the future;
16. It is assumed that in the future, the production and sales of commodity coal will achieve a balance between output and sales;
17. It is assumed that the construction projects under development will be completed and connected to the grid on time, and that they will be eligible for relevant tax incentives after the Valuation Benchmark Date;
18. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation will be equal to the extracted and spent amounts;
19. As at the Valuation Benchmark Date, the appraised entity enjoys preferential enterprise income tax policies under the Western Development Programme, with corporate income tax levied at a rate of 15% from 1 January 2021 to 31 December 2030.

VII. Shenyang Coal

Major Appraisal Assumptions

1. It is assumed that all appraisal targets are in the process of being traded, and the appraisers simulate the market based on the transaction conditions of the appraised assets;

2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;
3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining service life of the mine;
4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;
5. Given the actual status of the assets on the Valuation Benchmark Date, it is assumed that the company will continue operations throughout the remaining service life of the mine;
6. It is assumed that there will be no significant changes in the interest rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the Valuation Benchmark Date;
7. It is assumed that the management of the appraised entity after the Valuation Benchmark Date will remain responsible and stable, with the ability to perform their duties;
8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
9. It is assumed that after the Valuation Benchmark Date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;
10. It is assumed that after the Valuation Benchmark Date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;
11. It is assumed that after the Valuation Benchmark Date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;
12. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and cash outflows will be at an average rate;

13. According to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Western Development (Announcement [2020] No. 23 of the Ministry of Finance), enterprises meeting the conditions in western China can pay corporate income tax at a reduced rate of 15% from 1 January 2021 to 31 December 2030. Therefore, this appraisal assumed that from August 2025 to 2030, the statutory income tax rate under the income approach would be 15%, and from 2031 onwards, the statutory income tax rate would be 25%;
14. It was assumed that after the Valuation Benchmark Date and starting from 2047, the appraised entity would begin to levy mining rights transfer income annually in accordance with the provisions of the Notice on Printing and Distributing the Mineral Rights Transfer Income Collection Method (C. Z. [2023] No. 10) issued by the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration;
15. It was assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts.
16. It was assumed that the appraisal was based on the resource reserves within the scope of the mining licence for Xiwan Open-cut Coal Mine that have been reviewed and filed, and that the said mining licence could be successfully renewed upon expiration;
17. It was assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;
18. The mining right for Xiwan Open-cut Coal Mine within this appraisal scope currently has a production capacity indicator gap of 3 million metric tons per year. It was assumed in this appraisal that the enterprise would acquire the corresponding production capacity indicators on a compensatory basis, with a cash outflow of RMB140 per metric ton (inclusive of tax) considered in Phase I;
19. In March 2024, the appraised entity signed a land lease agreement with its subsidiary, Hongqi Shenyang, for a lease term from 15 March 2024 to 14 March 2029. It was assumed that the lease agreement would be renewed under the same terms upon its expiry, extending through to the end of the forecast period;
20. It was assumed that the High-tech Enterprise Certificate of Shaanxi Hongqi Shenyang Chemical Engineering Co., Ltd., a subsidiary of the appraised entity, would remain valid until the end of the forecast period following its expiry in December 2027;

21. Shaanxi Hongqi Industrial Explosive Group Co., Ltd., shareholder of Shaanxi Hongqi Shenyang Chemical Engineering Co., Ltd., a subsidiary of the appraised entity, has obtained a Safe Production Licence for Civil Explosive Materials, valid until 5 May 2028. Shaanxi Hongqi Industrial Explosive Group Co., Ltd. has authorised Shaanxi Hongqi Shenyang Chemical Engineering Co., Ltd. to produce civil explosive materials – emulsion explosives (gelatinous) (bulk-loaded), with this authorisation valid until 5 May 2028. In this appraisal, it was assumed that the aforementioned Safety Production Licence for Civil Explosive Materials, upon its expiry, could be extended until the end of the forecast period. It is assumed that after the Valuation Benchmark Date, the appraised entity's products or services will maintain their current market competitiveness;

VIII. Jinshen Energy

Major Appraisal Assumptions

1. It is assumed that all appraisal targets are in the process of being traded, and the appraisers simulate the market based on the transaction conditions of the appraised assets;
2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset's function, purpose, and transaction price;
3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner throughout the remaining service life of the mine;
4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;
5. Given the actual status of the assets on the valuation benchmark date, it is assumed that the company will continue operations throughout the remaining service life of the mine;
6. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the Valuation Benchmark Date;

7. It is assumed that the management of the appraised entity after the Valuation Benchmark Date will remain responsible and stable, with the ability to perform their duties;
8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
9. It is assumed that after the Valuation Benchmark Date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;
10. It is assumed that after the Valuation Benchmark Date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;
11. It is assumed that after the Valuation Benchmark Date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;
12. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and cash outflows will be at an average rate;
13. It is assumed that during the appraisal calculation period, the unit cost for environmental restoration and land reclamation would be equal to the extracted and spent amounts;
14. It is assumed that the mineral resources reserves reviewed within the mining licence will form the basis for the mining rights, and that the mining licence can be smoothly renewed in the future;
15. It is assumed that the production and sales of commercial coal in future years would achieve a balance between production and sales;
16. It is assumed that after the expiry of the lease agreements for the operations required by the appraised entity and its subsidiaries within the appraisal scope, these agreements can be renewed until the end of the forecast period in accordance with the terms of the original agreements;
17. Within the scope of this appraisal, mining rights of Ciyaogou Coal Mine of Shanxi Hequ Jinshen Ciyaogou Coal Industry Co., Ltd. still have a capacity gap of 2.6 million tonnes per year; mining rights of Shaping Coal Mine of Shanxi Jinshen Shaping Coal Industry Co., Ltd. still have a capacity gap of 4 million tonnes per year. It is assumed that the company will acquire the corresponding capacity rights on a paid basis, with a cash outflow of RMB140 per tonne (inclusive of tax) considered in the first period;

18. According to the Notice Issued by the Office of the Hequ County Committee for Ecological and Environmental Protection, existing “high energy consumption, high emissions and high resource-dependency” projects within one kilometre of the Yellow River shoreline are required to exit in an orderly manner. Accordingly, the Shaping Coal Washing Plant shall be closed and withdrawn. Shaping Coal Industry is currently relocating and reconstructing the coal washing plant. Based on information provided by the enterprise, it is assumed that the above matters will be completed by the end of 2027. Therefore, from August 2025 to December 2027, the enterprise will outsource its coal-washing operations, after which it will begin to use its own coal washing plant;
19. It is assumed that after the valuation benchmark date, the assessed entity’s subsidiary Shaping Coal Industry commences annual payment of mining rights transfer revenue starting in 2028, and Ciyaogou Coal Industry commences such payment starting in 2032, in accordance with the provisions of the “Notice of the Ministry of Finance, Ministry of Natural Resources, and State Taxation Administration on Issuing the Measures for the Collection of Mining Rights Transfer Revenue” (C. Z. [2023] No. 10).

IX. Baotou Mining

Major Appraisal Assumptions

1. It is assumed that all appraisal targets are in the process of being traded, and the appraisers simulate the market based on the transaction conditions of the appraised assets;
2. It is assumed that for assets traded in the market, or assets to be traded in the market, both parties in the transaction have equal standing and ample opportunity and time to access market information. The transactions are voluntary and rational, and the parties can make rational judgments about the asset’s function, purpose, and transaction price;
3. It is assumed that the appraised assets will continue to be used for their current purposes and in their current manner;
4. It is assumed that there will be no significant changes to the relevant national laws, regulations, and policies or the macroeconomic situation, and that the political, economic, and social environment in the regions of the parties involved in the transaction will not change significantly;
5. Given the actual status of the assets on the Valuation Benchmark Date, it is assumed that the company will continue operations;

6. It is assumed that there will be no significant changes in the interest rates, exchange rates, tax bases, tax rates, policy-based collection fees, or other related factors affecting the appraised entity after the Valuation Benchmark Date;
7. It is assumed that the management of the appraised entity after the Valuation Benchmark Date will remain responsible and stable, with the ability to perform their duties;
8. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations;
9. It is assumed that after the Valuation Benchmark Date, there will be no force majeure or unforeseen factors that cause significant adverse effects on the appraised entity;
10. It is assumed that after the Valuation Benchmark Date, the accounting policies used by the appraised entity and those used to prepare this asset appraisal report will remain consistent in significant aspects;
11. It is assumed that after the Valuation Benchmark Date, the scope and methods of the appraised entity's operations will remain the same, based on the current management practices and level;
12. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and cash outflows will be at an average rate;
13. It is assumed that after the Valuation Benchmark Date, the appraised entity's products or services will maintain their current market competitiveness;
14. It is assumed that the highway toll collection model during the forecast period will remain unchanged.

X. Shipping Company

Major Appraisal Assumptions

(I) General Assumptions

1. It is assumed that all assets to be appraised are already in the process of a transaction, and the appraiser simulates the market to appraise said assets based on the transaction conditions;

2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;
3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties; the company operates in compliance with laws and regulations and is capable of generating proper profits to maintain its going concern status. It is assumed that all categories of the company's operating assets can continue to be utilized in their current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;
4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;
5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;
6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;
7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;
8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;

9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;
10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;
11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;
12. The parameters measured in this appraisal have not taken into account the impact of inflation;
13. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;
14. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

XI. Coal Trading Company

Major Appraisal Assumptions

(I) General Assumptions

1. It is assumed that all assets to be appraised are already in the process of a transaction, and the appraiser simulates the market to appraise said assets based on the transaction conditions;
2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;

3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties; the company operates in compliance with laws and regulations and is capable of generating proper profits to maintain its going concern status. It is assumed that all categories of the company's operating assets can continue to be utilized in their current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;
4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;
5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;
6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;
7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;
8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;
9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;

10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;
11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;
12. The parameters measured in this appraisal have not taken into account the impact of inflation;
13. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;
14. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

XII. Port Company

Major Appraisal Assumptions

(I) General Assumptions

1. It is assumed that all assets to be appraised are already in the process of a transaction, and the appraiser simulates the market to appraise said assets based on the transaction conditions;
2. It is assumed that the target company can freely trade in an open market, and for assets traded or intended to be traded on the market, both transacting parties have equal status and sufficient access to market information and time, enabling them to make rational judgments regarding the asset's function, purpose, and transaction price;
3. It is assumed that the target company, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. It is assumed that the company's management is responsible and competent in fulfilling their duties;

the company operates in compliance with laws and regulations and is capable of generating proper profits to maintain its going concern status. It is assumed that all categories of the company's operating assets can continue to be utilized in their current purpose, manner, scale, frequency, and environment, or can be used with appropriate modifications;

4. It is assumed that the external economic environment as of the Appraisal Reference Date remains unchanged, with no major changes occurring in current national laws, regulations, policies, the macroeconomic situation, or the political, economic, and social environments of the regions where the parties involved in the transaction are located;
5. It is assumed that no significant changes will occur in the socio-economic environment in which the target company operates, nor in relevant interest rates, exchange rates, tax bases and rates, or policy-related levies;
6. It is assumed that the target company's future management team will fulfill their duties diligently and will continue to maintain the existing management and operational model;
7. It is assumed that the appraisal is based solely on the operational capacity existing as of the Reference Date. Potential expansions of operational capacity resulting from future changes in management, business strategies, additional investments, etc., are not considered, nor are subsequent potential changes in production and operations;
8. It is assumed that all assets subject to this appraisal are valued based on their actual quantities existing as of the Appraisal Reference Date, and the current market prices of the relevant assets are determined according to the effective domestic prices as of the Appraisal Reference Date;
9. It is assumed that the foundational and financial information provided by the target company is true, accurate, and complete. The scope of the appraisal is strictly limited to the appraisal declaration forms submitted by the target company, and no potential contingent assets or contingent liabilities not included in the list provided by the target company have been considered;
10. It is assumed that during the future forecast period, the types and proportions of period expenses for the subject entity will not undergo significant changes from the current basis and will continue to follow the trends observed in recent years, fluctuating in line with changes in the scale of operations;

11. Given that the company's monetary funds or bank deposits, are subject to frequent or significant fluctuations during operations, the assessment of financial expenses in this report does not include interest income generated from such deposits, nor does it consider uncertain gains or losses such as those from foreign exchange fluctuations;
12. It is assumed that no other force majeure factors or unforeseeable events will have a material adverse impact on the company;
13. It is assumed that the cash inflows and outflows of the target company after the Appraisal Reference Date occur evenly over time.

(II) Special Assumptions

None.

APPENDIX II REPORT FROM ERNST & YOUNG ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTERESTS IN TARGET COMPANIES



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To the Directors

China Shenhua Energy Company Limited

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTERESTS IN TARGET COMPANIES

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow Forecast (the “**Forecast**”) on which the valuation dated 16 December 2025 prepared by China Enterprise Appraisals Co., Ltd. in respect of certain assets of China Energy Xinjiang Energy & Chemical Co., Ltd., certain assets of China Energy Wuhai Coal Group Corporation Limited, certain assets of Inner Mongolia Pingzhuang Coal (Group) Co., Ltd., certain assets of Guodian Construction and Investment Inner Mongolia Energy Co., Ltd., certain assets of China Energy Shaanxi Shenyang Coal Co., Ltd., certain assets of Shanxi Province Jinshen Energy Co., Ltd. and the equity interest of China Energy Baotou Mining Co., Ltd., and China United Assets Appraisal Group Co., Ltd. in respect of certain assets of Guoyuan Electric Power Co., Ltd., certain assets of China Shenhua Coal Liquefaction and Chemical Company Limited and equity interest of China Energy Port Co., Ltd. (collectively referred to as the “**Target Companies**”) as at 31 July 2025 is based. The valuation is set out in the announcement of China Shenhua Energy Company Limited (the “**Company**”) dated 19 December 2025 (the “**Announcement**”) in connection with the proposed acquisition of equity interests in the Target Companies. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 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 (the “**Directors**”) are solely responsible for the preparation of the Forecast in accordance with the bases and assumptions (the “**Assumptions**”) determined by the Directors and as set out in the section headed “Principal Assumptions Underlying the Profit Forecast” of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Forecast and applying an appropriate basis of preparation; and 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 behavior.

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.

Reporting accountants’ responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

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 arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast, in all material respects, in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. 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.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Companies. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 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.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young

Certified Public Accountants

Hong Kong

19 December 2025

APPENDIX III LETTER FROM THE BOARD ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTERESTS IN TARGET COMPANIES

Dear Sir or Madam,

Re: Major and Connected Transaction Relating to the Acquisition of Target Assets and Proposed Issuance of A Shares

Reference is made to the announcement (the “**Announcement**”) of China Shenhua Energy Company Limited (the “**Company**”) dated 19 December 2025, of which this letter forms part. The terms used in this letter shall have the same meanings as defined in the Announcement unless the context otherwise requires.

Reference is made to the twelve asset valuation reports (collectively, the “**Asset Valuation Reports**”) issued on 16 December 2025 in respect of the valuation of the equity interests in the target companies, including Guoyuan Electric Power Co., Ltd., China Energy Xinjiang Energy & Chemical Co., Ltd., China Shenhua Coal Liquefaction and Chemical Company Limited, China Energy Wuhai Coal Group Corporation Limited, Inner Mongolia Pingzhuang Coal (Group) Co., Ltd., Guodian Construction and Investment Inner Mongolia Energy Co., Ltd., China Energy Shaanxi Shenyang Coal Co., Ltd., Shanxi Province Jinshen Energy Co., Ltd., China Energy Baotou Mining Co., Ltd., China Energy Shipping Co., Ltd., Shenhua Coal Trading Co., Ltd., and China Energy Port Co., Ltd. (the “**Target Companies**”), which were prepared respectively by China Enterprise Appraisals Co. Ltd. and China United Assets Appraisal Group Co., Ltd., both being independent valuers (collectively, the “**Valuers**”).

As the valuation contained in the Asset Valuation Reports adopts both the asset-based approach (under which the discounted cash flow method was applied for the valuation of certain assets) and the income approach, such valuations constitute profit forecast (the “**Profit Forecast**”) under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have discussed with the Valuers and reviewed the basis and assumptions upon which the Profit Forecast was prepared. We have also engaged Ernst & Young to report on the calculation of the discounted future cash flows used in the Valuation Report and considered the report from Ernst & Young. Based on the aforesaid, we confirm that the Profit Forecast as contained in the Asset Valuation Reports have been made after due and careful inquiry.

On behalf of the Board
China Shenhua Energy Company Limited
Zhang Changyan
Executive Director and Chief Executive Officer

19 December 2025