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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)**

**INSIDE INFORMATION**

**ANNOUNCEMENT ON THE PROGRESS OF THE WORK ON  
THE ACQUISITION OF CERTAIN ASSETS HELD BY  
CONTROLLING SHAREHOLDER**

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

In order to implement the agreements stipulated in the Supplemental Agreement to the Non-Competition Agreement entered into between China Shenhua Energy Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and China Energy Investment Corporation Limited (“**China Energy**”) on 1 March 2018, and to further promote efforts to reduce and address competition, the Company decided to commence the work on the acquisition of certain assets held by China Energy. Please refer to the Announcement on the Commencement of the Work on the Acquisition of Certain Assets Held by Controlling Shareholder of the Company disclosed on the website of the Stock Exchange of Hong Kong Limited on 28 April 2023 for relevant information.

On 16 June 2023, the Company was approved to enter into the Supplemental Agreement II to the Non-Competition Agreement with China Energy at the 2022 Annual General Meeting of the Company, providing further support and guarantee for the Company to continuously advance the work on the acquisition of relevant assets held by China Energy.

Since the commencement of the acquisition, the Company has made sufficient communication and discussion with China Energy, conducted the selection of appointment of intermediary agencies such as audit, appraisal and legal, and continuously advanced relevant work. The description of the relevant conditions of the Subject Equity Interests is as follows:

- (I) **Inner Mongolia Dayan Mining Industry Group Co., Ltd.** (“Dayan Mining Industry”, with the shareholding proportion of China Energy being 100%)
1. Registered address: Dayan Mine, Ewenki Autonomous Banner, Hulun Buir City, Inner Mongolia Autonomous Region
  2. Registered capital: RMB6,911,217,600
  3. Type of enterprise: Limited Liability Company
  4. Scope of business: Production and sale of coal, production, procurement and supply of relevant raw materials for the production and sale of coal, agricultural and animal products, road transportation, accommodation and catering, rubber products, civil engineering construction, railway transportation in mines, power generation and supply as well as water and heat supply, broadcasting, design and production of radio, film and television programs (works), medical devices, pesticide, seeds, chemical fertilizers, hazardous goods, explosive initiators, other land transportation, processing and sale of coal ash, sale of motor vehicles (operation by branch institutions only); grass-roots medical and health services, other health activities, prevention of occupational diseases (operation by branch institutions only); preparation for energy and heavy chemical production; telecommunications projects; bidding services; authentication, attestation and consultation services; investment in chemical enterprises, railways, iron mines and reservoirs; sale of building materials and hardware & electric materials; technical services for coal mine production; loading, unloading and transportation; sale of radio, television and communication devices (excluding satellite receiving apparatus), computer consumables, agricultural and forestry materials, office supplies, stationery, furniture and household appliances; advertising services; freight and passenger yard services; circuit design and testing services; technical consulting services; leasing; equipment repairing and maintenance; machinery equipment and materials; domestic general trading; labor services (excluding labor dispatch).
  5. Major financial indicators: In 2022, under the China Accounting Standards for Business Enterprises, the audited total assets, net assets, revenue and net profit was RMB4,803,746.5 thousand, RMB-151,430.2 thousand, RMB2,945,745.3 thousand and RMB5,344.1 thousand, respectively.
  6. Basic conditions of coal mines: Dayan Mining Industry owns two coal mines under production, namely Yannan Mine and Zhani River Strip Mine. As of the end of 2022, the two coal mines retained recoverable coal reserve of 410 million tonnes under PRC standards, with coal production capacity of 10.70 million tonnes/year, and completed commercial coal production of approximately 8.7 million tonnes in 2022. In addition, Dayan Mining Industry also has the exploration right for three mines, namely the back-up well in the east area of Yimin River, the well No. 2 in the east area of Yimin River and the peripheral areas of the east area of Yimin River.

- (II) China Energy Hangjin Energy Co., Ltd. (“Hangjin Energy”, with the shareholding proportion of China Energy being 100%)**
1. Registered address: No. 1-14 Bungalow Office Area, South Project District, Duguitala Industrial Park, Hangjin Banner, Erdos City, Inner Mongolia Autonomous Region
  2. Registered capital: RMB2,163,121,500
  3. Type of enterprise: Limited Liability Company
  4. Scope of business: Coal mining; geological exploration of metal and non-metal mineral resources; exploration of mineral resources; construction of engineering works (except the construction and operation of nuclear power stations and the construction of civil airports); power generation, transmission and supply (distribution) businesses; production and supply of tap water; animal feeding; accommodation services; catering services; coal washing and election; mineral washing, selection and processing; beneficiation; manufacturing of coal products; processing of coal-based activated carbon and other coals; sale of coal and coal products; sale of chemical products (excluding licensed chemical products); general cargo storage services (excluding dangerous chemicals and other items requiring licensing approval); operation of road cargo transport stations; loading, unloading and transportation; environmental emergency management services; engineering and technology research and experimental development; technical development for emerging energy; technical services for power generation; technical services for wind power generation; technical services for solar energy power generation; technical services for energy storage; technical services, technology development, technology consultation, technology exchange, technology transfer, technology promotion; leasing of machinery equipment; sale of machinery equipment; installment service for ordinary machinery equipment; maintenance of electronic and machinery equipment (excluding special equipment); sale of mining machinery; sale of machinery parts and components; repairing of electric equipment; repairing of general equipment; repairing of special equipment; sale of building materials; sale of recyclable resources; sale of rubber products; construction of earth works; pipeline transportation over land; leasing of land use right; leasing of houses; leasing of non-residential property; labor services (excluding labor dispatch); professional and ancillary activities on forestry; professional and ancillary activities on agriculture; construction of landscaping projects; installation services for environmental and health public facilities.
  5. Major financial indicators: In 2022, under the China Accounting Standards for Business Enterprises, the audited total assets, net assets, revenue and net profit was RMB1,425,698.3 thousand, RMB-4,218,239.8 thousand, RMB5,478,282.7 thousand and RMB77,147.5 thousand, respectively.
  6. Basic conditions of coal mines: Hangjin Energy owns one coal mine under construction, namely the Tarangaole coal mine project. The recent production capacity under construction of the Tarangaole coal mine is 10 million tonnes/year. As of the end of 2022, the recoverable coal reserve of this coal mine under PRC standards was 920 million tonnes. In 2022, the sales volume of the purchased coal of Hangjin Energy was approximately 10 million tonnes.

The coal mines of Dayan Mining Industry are adjacent to the coal mines of China Energy Baorixile Energy Co., Ltd. under the Group, which are convenient to conduct integrated collaborative management. The Tahan Railway under the operation of China Energy Baoshen Railway Group Co., Ltd. is the major outward transportation channel for the Tarangaole coal mine. It will effectively increase the shipping volume of the Tahan Railway and improve the integrated operation of the Group after the Tarangaole coal mine is put into production. The transaction will help to implement the provisions of the Non-Competition Agreement and relevant supplemental agreements between China Energy and the Company, reduce potential competition between China Energy and the Company, improve the production and operation efficiency and development and construction speed of the subject coal mine, enhance the succession capacity of coal resources and consolidate the Group's advantages in integrated operation.

The acquisition will constitute related party transaction under the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and connected transaction under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, but will not constitute substantial assets reorganisation under the Administrative Rules on Material Asset Reorganisation of Listed Companies of the CSRC. This announcement on the progress is a voluntary announcement. The acquisition is at an early stage and the transaction is subject to uncertainty. Investors are advised to exercise caution in dealing with their investment.

The Company will disclose the progress of the transaction in due course in strict compliance with the requirements of domestic and overseas securities regulations and the listing rules of the place where the Company is listed.

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

*Chief Financial Officer and Secretary to the Board of Directors*

Beijing, 25 June 2023

*As at the date of this announcement, the Board comprises the following: Mr. Lv Zhiren and Mr. Xu Mingjun as executive directors, Mr. Jia Jinzhong and Mr. Yang Rongming as non-executive directors, Dr. Yuen Kwok Keung, Dr. Bai Chong-En and Dr. Chen Hanwen as independent non-executive directors, and Ms. Liu Xiaolei as employee director.*